

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Mr. Baldwin's reason for hurrying forward the General Election has been denounced by opposition parties as a cloak for the device of stampeding the electorate into renewing their mandate before the consequences of the Government's policy have made themselves felt. In another year, contend the critics, the electorate would have been consciously determined to kick the Government out. But this is a two-edged argument. All Governments get more unpopular with the lapse of time. Bernard Shaw's dictum: "The people hate all Governments" was an affirmation of this truth. We overheard someone say the other day: "The only thing to do with any Government is to get rid of it." The speaker had been listening to his friends wrangling about the merits of various political programmes, and he closed the debate in this way. He and his friends appeared to be plain matter-of-fact citizens without any pet theories, and were indulging in the same inconsequential chatter as millions of others will be doing between now and polling day. The remark in question was a wise one; it reflected an intuitive recognition, a subconscious divination, of the fact that the continuity of any policy offered to the people was bad for the people. Students of the credit system know why this is true. The creeping error in the price-system automatically reveals the gaps and contradictions in every orthodox programme put into operation. Hence it is natural that people should get the feeling that continuity is in itself a bad thing. Their unconscious acceptance of the principle that discontinuity of Governmental policy safeguards their interests is an ironic commentary on the design and efficiency of orthodox schemes and plans.

* * *

"Get rid of the *old gang*" is a remark frequently heard in all sorts of political controversy at election times.

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Unfortunately the people do not realise that behind the discontinuity signalled by the alternation of party Governments is the continuity of the bankers' policy.

We pointed out some time ago that according to Ministerial statements in the House of Commons the basic financial policy of the National Government was to pass legislation which would prevent the infringements of "sound financial principles" by any Government that might succeed it. The purpose of such legislation is to render unconstitutional in advance any policy, be it Conservative, Liberal or Socialist, which would weaken the dominance of the bankers or disturb their plans. Insofar as it succeeds it obliterates the distinctions which have hitherto characterised the three parties. Any party today which proposes to supersede the National Government but does not propose to alter the above financial policy—that is, to *de-constitutionalise* it—has no case on which to appeal to the electorate for a mandate. What the people need is diametrically opposite to what the bankers want; and the only candidate for Parliament who can logically recommend an alternative Government to the National Government is one who is ready to work for a policy in the teeth of bankers' opposition.

"Dividend" Candidates.

Three such candidates are in the field who are declaring their readiness to do this. It is to be hoped that electors who are sympathetic to the ideas they express will not refrain from voting for them either because none may appear likely to head the poll, or because the number of candidates of this type is only three. The objective to have in mind is that of "planting a cell" in the House. One man would be sufficient. His influence as a voter in the Division Lobbies would be negligible, but his influence as a debater or questioner whose words would be recorded in Hansard would be considerable. This is apart from the moral significance of his being returned on a unique policy, and, just as important, under unique pledges to his constituents as to his procedure in the House. What is said and done under the Press Gallery cannot be hushed up, although at present it can be cooked up a little for Hansard and a great deal for the daily newspapers. And in this connection it is clear that the presence in the House of a Member who was up to this game, and

was particularly interested in matters which seemed to need editing for public consumption, would tend to stop the game.

Members and Constituents.

Any constituency which returns a Member of this type will do itself honour, although this may not be immediately realised. It will come into the news more prominently than will the others, because under the terms of his pledge, the Member will maintain continuous contact with his constituents. Readers will remember the proposals made four or five years ago in the Socialist Party that Members of the Parliamentary Labour Party should take their directions from what was called a "Consultative Committee" which would represent the non-Parliamentary elements in the Trade Union and Socialist organisations. This was to prevent Labour Members forming a clique within the House and following their own counsels without reference to the views of those who had put them there. It was of course condemned by Labour politicians as fundamentally wrong because it meant substituting the principle of *delegation* for the time-honoured principle of *representation*. Under the latter principle the Member of Parliament reserved the right to exercise his own judgment on methods of implementing the general policy which he had outlined to his constituents. He was not to be intimidated or coerced by any extra-Parliamentary influences at all in the carrying out of his duties. If he disappointed his supporters their remedy was to wait until the next dissolution of Parliament and then turn him out. At the time we speak of Mr. Ramsay MacDonald went so far as to declare against the principle of giving pledges to individual citizens or political organisations, pointing out (which was only too true) that no candidate was ever in a position to know that he could fulfil his pledge, nor be sure at the time that on mature reflection he would consider the fulfilment desirable.

Futile Promises. Capital Levy.

Mr. MacDonald was able to speak from experience. Take for example his one-time connection with the Socialist demand for a Capital Levy. He knows by now (and probably had a suspicion at the time when he spoke) that if the Socialists had got a mandate to impose the Levy they would have discovered that there were no *methods* of doing it which would not have defeated the *object* of doing it. To enforce a liquidation of capital would have been to destroy its nominal conversion-value. The bankers at that time had been doing as much as could be done in that direction through their imposition of ruinous succession duties on large estates. If there had been any room for further levies on capital the bankers would undoubtedly have imposed them without waiting for Socialist prompting, and for the all-sufficient reason that the proceeds of the confiscation would primarily accrue to their own reserves and not to the less fortunately placed majority of the community. This truth can be seen in connection with succession duties. Proprietors of large estates have to save up the money while alive to provide the duties when dead. Who gets hold of the saved money? The insurance companies. And what do they do with it? They buy gilt-edged securities from the banks, who retire the money from circulation, and to that extent restrict business enterprise and create unemployment. It is not necessary that the insurance companies should always buy directly from the banks; the same result happens whenever the immediate seller is, because these

securities are absorbed from the stock market to be held for considerable periods and for that reason enable the stock market to absorb securities from the banks. Whichever way it is done the banks retire the money and cancel it. When you next read that Mr. So-and-so has died, and that the Chancellor of the Exchequer has received a "windfall" of some half a million or so of money, just reflect that the banking combine (which includes the insurance combine) has had the minding of it all the time. An objector may say: "Yes, but now the banking combine has to hand the money over to the Treasury." Right in theory; but in practice the Treasury is perpetually in debt to the banking combine to the tune of six or seven hundred millions. So all that the banking combine have to do is to say to the Treasury: "We will knock the half a million we owe you off the debt you owe us." It is true that the half a million will be entered on the revenue side of the official Budget, and that, *on paper*, the Chancellor is able either to spend half a million extra without increasing taxation or otherwise to grant relief of existing taxation to the same sum. But in practice he cannot adopt either alternative without the consent of the banking combine. If the combine choose to pass the money over to the Treasury instead of retaining it as repayment of debt, either of these alternatives is open to the Chancellor; but, again, *the banking combine tell him which he is to adopt*. Does he fancy using the half a million to reduce income tax, or duties on tea or beer, or does he fancy laying it out on re-housing, or increased meanstest allowances, or wage rises to civil servants, or armaments . . . ? Well, as the Apostle Paul said: *All things are lawful but not all things are expedient*; and in the financial game the banking combine's decision on what is expedient has the effect of law. To put this into concrete terms, the Bank of England is the law-giver to the Treasury, and the Treasury the law-giver to the Government. Under this system Mr. Montagu Norman is the supreme Taxing Master of the State.

Bankers' Brokers.

In this realistic context the competition for office now proceeding between the Conservative, Liberal, and Socialist Parties is really one for the right to appoint a Chancellor of the Exchequer. There is no conceivable policy which does not involve the spending of money. And since the banking combine are able to control the amount and manner of the spending, every Chancellor of the Exchequer—whatever Party colours he sports—takes office as their servant. At the same time he is the effective master of the Cabinet, the Party Whips, and the Ministerial members of the House of Commons. The Chancellor of the Exchequer is really the City Broker, and any Government returned by the people is obliged to appoint a person to that office who is acceptable to the banking combine. An old gentleman of our acquaintance is fond of reciting an ancient tag running like this: "And I arrived home to find the brokers in and the fire out." And that has always been the experience of the electorate since the time of the Bank Charter Act, to go no farther back. "Keep the home fires burning" was the motto; and every candidate could describe fires beautifully; but never a Government could provide fuel. All fires were lawful but no fuel was expedient. In our old gentleman's tag the presence of the broker and the absence of the fire were merely a regrettable coincidence, or at most were twin symptoms of a common evil; but in the region of

financial politics the presence of the City's Distraing Officer is the cause of the absence of the fire. He seizes the people's fuel on behalf of the banker. The only way to dodge him is to have no distrainable property!

A Word to Electors.

Now, relate this to the present election, and you should see that the Big Three Parties have nothing to offer you but a choice between Three Big Brokers. They all say in common, but without meaning to say it, that you've got to have a broker anyway. They accept unwittingly the banker's definition of the citizen, namely, that he is a *distrainable entity*. The lawyers define him as an *actionable entity*—which is the same thing. Now, say that you are in debt (and who isn't these days!) and someone could give you a reasonable hope that the debt was invalid—that you didn't really owe it—would you listen for a second to other parties who asked you to choose between a Conservative, a Liberal or a Socialist broker to enter upon your property on behalf of your creditor? Not you! You would say: "I'll talk about *which of them* shall come in when I've proved that *any of them* has the right to come in." And this ought to be your reply to any of the Big Three Parties. What's the difference between a Conservative Government and a Socialist Government? It's the difference between Mr. Neville Chamberlain and "Comrade" (now Lord) Snowden. These men differ as personalities, but not as functionaries. They represent the theory that the people owe money to the bankers, whereas the fact is that the bankers owe money to the people. Hence, instead of your choosing a broker to enter your property you have to choose one to enter on the banker's property. You won't find anyone to stand for this among the Big Three Parties. But happily in three constituencies there are candidates for Parliament who do stand for it. These constituencies are South Leeds, North Bradford and Birmingham (Erdington). These candidates will be heard speaking with one voice on a common theme designated "National Dividends." Each is asking for an opportunity to contest in the House the validity of the bankers' assumption of the rights of a creditor of the State and its people, and to affirm the contrary right of the State and its people to impose on the bankers the responsibilities and obligations of a debtor. The term "National Dividends" connotes two things, (a) the restitution of material property to the people, and (b) the restitution of judicial rights to the representative Government of the people. You have two things to do.

1. To satisfy yourself that the restitution is just in principle, and beneficial in its effects.
2. To assess to the best of your ability the value of the arguments which are put forward to establish a reasonable presumption of its feasibility.

If your attitude is then favourable your duty to yourself is to vote and work for any of the three candidates alluded to in preference to others. If that is impossible for reasons of distance, etc., you must follow your inclinations about what you do, but the best thing to do is to advise the canvassers belonging to the Big Three Parties that you don't see what you want in their windows, and that you prefer not to buy anything until the right shop is opened. Another point, if you are not keen to vote for a "crank" candidate, but don't feel strongly moved to support any other, remember that the higher the number of non-voters the less risk minority candidates run of losing their deposits.

The A + B Theorem*

By A. W. Joseph, M.A., B.Sc., A.I.A.

I.

[The following article examines the A + B Theorem of Major Douglas and deals specially with Mr. Gaitskell's criticisms in *What Everybody Wants to Know About Money* and in THE NEW AGE of February 28, 1935.]

It is easy to exaggerate the importance of the theorem, and it might even be claimed that the devotion of too much attention to it is playing right into the hands of our opponents. For they will always prefer to contest a difficult and abstruse topic rather than fight on a field where the plain facts of everyday life bear witness to the inadequacy of the orthodox arguments. A good example of this attitude lies close to hand. In *The Engineer* of June 7 and 14, 1935, appeared an attack on Douglas Social Credit by Dr. W. H. Coates, Ph.D. Dr. Coates' criticism, when it was a criticism (I say this deliberately, because a good half of his article consisted of an excellent description of the working of the banking system, with which no Social Creditor would disagree), dealt almost entirely with theoretical considerations. Towards the conclusion of his article he said:—

"If Major Douglas' allegation is fundamentally wrong, as it is here suggested that it is, and as every serious student of monetary matters has found it, then there is little need to enter into any detailed examination of the methods by which Major Douglas proposes to distribute additional purchasing power, which shall at the same time either bring about a fall of prices, or, if no fall of prices is required, shall place in the hands of individuals additional purchasing power and shall at the same time so harmonise with our existing monetary system that it causes no inflation."

And Dr. Coates was as good as his word: he did *not* enter into any detailed examination of Major Douglas' proposals.

The A + B Theorem can be expressed as follows: A factory or other productive organisation has, besides its economic function as a producer of goods, a financial object—it may be regarded on the one hand as a device for the distribution of purchasing power to individuals, through the media of wages, salaries, and dividends; and on the other hand as a manufactory of prices—financial values. From this standpoint its pay-prices may be divided into two groups:

GROUP A.—All payments made to individuals (wages, salaries, and dividends).

GROUP B.—All payments made to other organisations (raw materials, bank charges, and other external costs).

Now the rate of flow of purchasing power to individuals is represented by A, but since all payments go into prices, the rate of flow of prices cannot be less than A + B. Since A will not purchase A + B a portion of the product at least equivalent to B must be distributed by a form of purchasing power which is not comprised in the description grouped under A.

We do not have to look very far to find evidence that the existing monetary system is distorted, and in particular that there is to-day a deficiency of purchasing

*The above is the first portion of a paper read by the author at a Group meeting recently. Those present appreciated it so much that they asked him to get it published. It has just been published in full by THE NEW AGE PRESS in booklet form (price 6d. for single copies, postage 3d.). It is immediately available at 70, High Holborn. The and is immediately available at 70, High Holborn. The diagrams used by Mr. Gaitskell and the late James Adamson are reproduced and brought into the argument, together with new diagrams to elucidate it still further.

power. The following phenomena lend support to that view:—

(a) The fact that the difficulty nowadays is to sell, not to produce.

(b) The fact that all countries, including creditor nations, are trying to export more than they import.

(c) The fact that debt is continually mounting up.

(d) The fact that national schemes which are physically possible, i.e., the men, materials, power, food to feed the workers, etc., are all there, are scotched because the "cost" is too great.

(e) The fact that the schemes which are put into operation are only made possible by the aid of loans. Purchasing power of the future is distrained upon to meet a cost which is physically liquidated at the time the scheme is done.

(f) The fact that physically possible plans to spread work all break down on the barrier of cost.

(g) The fact of poverty in conjunction with unemployment. It there is insufficient wealth in the world there ought to be plenty of opportunity to increase wealth, i.e., labour ought to have a high saleable value, and there ought to be little unemployment.

(h) The fact that if total incomes of the country are distributed equally to all, the amount available for each family is about £270 per annum. It is estimated that in America on a physical basis the income available for each family could be about £1,000 per annum, and in this country it should not be much less.

So we see that rightly or wrongly the A + B Theorem does explain the facts.

The above phenomena are exactly what one would expect to find if the theorem were true. We have here, however, only a verification of the theorem, not a proof. When we come to the theorem itself we are up against the difficulty of making clear exactly where the money which does not appear as purchasing power goes. This is a point which may easily be slurred over, and yet no matter how one juggles with A and B, with diagrams and 200, 400, 600, etc., the inquirer will feel that something is eluding him, even though he may be unable to put his finger on anything wrong in the explanation, if he cannot see where the gap is. Now the places where the lost purchasing power is hidden are not really far to seek. I will put them into three categories which are really only different forms of the same thing: 1. Saving by the Public; 2. Bank and Company Reserves; and 3. Accumulations of Capital. In the following discussion I shall show how each of these factors in turn causes a disparity to occur between the money available to buy goods and the costs of those goods.

1. *Saving by the Public.* I am here referring to net saving, i.e., the balance of new saving over the spending of past savings. If the public has exactly the correct amount of purchasing power to meet the costs of goods which emerge on the market and some member of the public saves, then there is immediately a deficiency. This applies equally whether the saving takes the form of hoarding, leaving money on deposit or purchasing securities. There is not likely to be much doubt of this as regards the first two forms, but the last requires some investigation. A member of the public may buy securities either from a bank or from some other member of the public. If he purchases from a bank his money is cancelled out of existence. The bank wipes off an asset on one side of its accounts and a cash liability, i.e., the public's money, on the other side. If he purchases from another member of the public then as the second member does not spend his receipts on consumable goods (which is the spending of past savings which I have specifically excluded) he must use it in his turn either to hoard, to leave on deposit, or to purchase securities from a bank. He may perhaps use it to repay an overdraft. This has exactly the same effect of making a gap between purchasing power and costs. Thus to take a specific example a manufacturer uses an overdraft to build a factory. The money passes via contractors into the hands of the public and may be considered to be the

very money that is later saved. The manufacturer floats a company, issues shares and repays the overdraft with the proceeds of the sale of the shares. The money and the overdraft are now cancelled. The manufacturer has, however, to recover the cost of the factory in the prices of the goods made. The saving has thus caused a deficiency of purchasing power. Make no mistake, it is not merely depreciation which has to be recovered. I agree that depreciation costs may be re-issued as payments for keeping the factory in good order. The money value of the shares has sooner or later to be recovered. The public's saving has really become transformed into an accumulation of capital, and this point will be considered in more detail under heading 3.

2. *Bank and Company Reserves.* Here again a specific example will show best how the deficiency of purchasing power arises. Suppose a bank lends a manufacturer £1,000 and demands £1,050 back at the end of a year. Where is the extra £50 to come from? There is only one source. It must have formed the contra to a loan of £50 made to some other manufacturer. When the £50 is collected through the first manufacturer there is left £50 debt for which no money exists. But some of the £50 will be returned to the public, £10, say, as interest on the accounts of some of the recipients of the £1,000 before it was drawn back and repaid, £30, as bank wages, salaries and general renewal expenses, and £5, say, as dividends to shareholders. But there will always be a residuum, say, £5, which will be held back and not returned to anybody. It will be put to reserve or used for writing down the bank's assets. Whichever use is made of it the same result holds. Somebody owes a loan of £5 to a bank, to meet which no money exists in the country. This £5 will appear as costs in the price of somebody's goods because that is the only way in which the debtor can endeavour to get himself out of debt. Hence costs of goods on sale will be £5 more than there is money in the country, and the price cannot be reduced without the manufacturer going bankrupt. It should be noted also that the reserve may or may not be shown in the bank's accounts, i.e., it may be shown as a direct allocation to reserves or, alternatively, it may be hidden by being used to write down the book value of the bank's assets. It is well known that banks have large hidden reserves.

A company reserve is a charge in the prices of goods which is not distributed as wages, salaries, and dividends. A deficiency of purchasing power as compared with costs results just as when the public saves. The difference is that saving by the public serves to decrease the money available to buy goods without reducing their price, whereas the building up of reserves increases the price of goods without adding to the public's purchasing power.

It may be argued that the money saved will be available later on as purchasing power. This may be so, but it will be too late; the damage will already have been done. The reserve will be utilised, it is true, not, however, to supplement incomes, but to write off capital or write down book values which have been lost because of the earlier deficiency of purchasing power. We have, in fact, a pretty little vicious circle. The reserves are formed or the savings are made in order to provide for possible unfortunate contingencies. A train of causes and effects is thereby set into operation which has the inevitable consequence of bringing into being those very unfortunate contingencies which were to be provided against.

(To be continued.)

ORAGE.

(Died November 6, 1934.)

A great force spent for Social Betterment,
In making more aware our sense of Beauty;
He strove; he broke; then quietly he went:
His NEW AGE lives; to help it is our duty. B. S.

Movement Notes.

"The New Age" and Political Action.

THE NEW AGE is virtually a private journal. It is a journal for journalists, and an organ of education for educators. It does not bid for popular support. It does not even bid for that of the intelligentsia in general. It seeks only to make contact with persons who are potentially interested in basic technico-political problems of economics and finance. One might almost say that it deliberately sets out to be "unpopular"—that it measures its effectiveness by its unpopularity.

It is not the organ of any actionist grouping. Any support that it has given to the Green Shirt Movement has been freely accorded and could be withdrawn at any time without breach of any kind of agreement or undertaking, moral or legal. This statement should be noted, because certain members of the official Secretariat seem to be under the impression that THE NEW AGE has become the organ of the Green Shirt Movement in the conventional sense. It has become nothing more than a vehicle for the expression of the views and the recital of achievements by that body, just as it is for any other body who have no other means of reaching the ear of the Movement.

As a matter of fact the whole field of controversy about political action lies outside the proper purview of this journal. It is the belief of the present editor that the problem of choosing any one form of action is not fundamental. It doesn't matter if it is never settled. The dynamic drive towards "results" resides, as it always did, in educational permeation. The interpretation of events and the exposition of Social Credit technical theory were the complementary basic causes of the emergence of the subject from obscurity to world-wide publicity.

Douglas epitomised this point of view in its extremest form when he said (as quoted last week) that there was no real necessity either for a Movement or a journal. The rationale of his dictum can be briefly expressed in the saying: "Truth will prevail." What he meant was taken by those who heard it as being that the secret of the bankers' power had been revealed in *Economic Democracy*, and that thenceforward the march of events would compel our rulers to put right what was wrong. It was a hard saying to most of his hearers. But the few who reflected on it carefully came to realise that for every ounce of pressure which conscious supporters would be able to bring against the Money Monopoly, tons of pressure would be applied by the unconscious disruptive reactions of people generally to the concrete monetary effects of the flaw in the price system. While nobody ever thought of denying the force of the educational efforts of the converted, progress towards the ultimate adoption of Social Credit would only be hastened to an almost imperceptible degree by such efforts.

This theory, or calculation, was anathema to those who wanted to organise a Movement. It was stigmatised as defeatism, and, as is now familiar history, a move was made at Swanwick to establish a centralised organisation of the Movement. Support for it centred in the Midlands, and opposition to it in London. No agreement could be reached. Some years later John Hargrave revived the principle of political organisation, and in an address to London members of the

Movement, who were still sceptical about its desirability or feasibility, prophesied that they would have to take some such action sooner or later. What he had in his mind has been developed by him in his writings since that time, and need not be amplified on this occasion.

The editor of THE NEW AGE, by reason of his practice of being "at home" three nights a week for seven years or more to anyone who wanted to praise or attack or inquire into his opinions and policy, has had many arguments with both friends and enemies of "organisation," including Hargrave himself. Everyone who has met him and talked on the subject will be aware that Hargrave and he do not see eye to eye on it. The difference is one of emphasis. It affects the relative values of the pressure which can be generated by conscious co-operation and that which may arise from forces which the Movement cannot affect. For the information of those who have not taken part in the above conversations, the attitude of THE NEW AGE may be summed up in the following analogy. It is an extreme one—but that makes the position all the clearer.

The whole Movement is like a colony of fleas in an elephant's ear discussing how to make him go faster, or change his direction, or both. The elephant corresponds to the general body of orthodox opinion and executive power which is, in theory, potentially capable of taking action against the Money Monopoly. What impact have the fleas on the decisions of the elephant? Supposing any at all, it is conceivable that, by collective action, whether uniform or otherwise, they might get him to come a yard off his course in a distance of ten miles, or gain or lose a few yards at that distance. Against this quantity of influence one has to measure that of the noise of the jungle, and other sensations which are conveyed to the elephant's eyes, nose, and hide. These will control his pace and direction. It may be that at moments when the elephant was in a state of indecision touched with apprehension, a combined march of the fleas right in to the drum of his ear, and a war dance on the membrane, might attract his attention. Who knows! If a mouse can mess up a power station, why not a flea an elephant?

To abandon analogy, and express the position in gambling vernacular, THE NEW AGE has its main bet on "circumstance" with a side bet on "action," whereas the Green Shirt Movement plunges on "action." The late A. R. Orage used to say that nothing will move the English people (meaning those with executive power as well as the masses) except a "rude physical shock." Taking that prescription as sound it remains to be seen whether, and how far, the required shock can be helped by actions within the power of Social Credit advocates, or whether their power is limited to prophesying minor shocks and explaining them as they take place.

THE NEW AGE stands on the principle of education and is therefore not in conflict with proponents of any sort of action so long as they do not attack that principle. And just as this journal has given publicity to them all, and hold itself aloof from all controversies about "action," so far as its central policy is concerned. For good or evil, however, influences stronger than THE NEW AGE have made opinion on action a test of "loyalty to Douglas." THE NEW AGE is willing to sub-

mit to any test, hence it has indicated its attitude to "action." And to state that attitude quite briefly, it is this: that *on the assumption* that the Movement can exert or generate perceptibly effective pressure on the financial powers *through the agency of the people*, the policy and methods of the Green Shirt Movement, and the credentials, character and competence of its leader, make that Movement the most likely instrument for the attainment of that object.

Movement News.

According to a correspondent the Report and Accounts of the Social Credit Secretariat were issued under date of October 22. They cover the year ending June 30, 1935.

A correspondent informs us that the Electoral Campaigners in Bradford interviewed Mr. Ramsden, the Member for North Bradford, recently informing him that they had collected 8,000 pledges, and that he replied that he wouldn't care if they had collected pledges from the whole electorate. Our correspondent does not say whether the Labour candidate opposing him at this election was also interviewed. If so, and the result was a similar refusal, this would explain the selection of a National Dividends candidate, for the only alternative would have been to invite the pledge-takers to abstain from voting. This serves as a reminder that from the time of the launching of the Electoral Campaign critics have pointed out that its objective would be partly frustrated if all the Party Candidates bound themselves to the "candidate's pledge" or if all refused. In neither case would the result of the poll afford definite guidance as to the extent to which electors had honoured their pledges. Presumably both believers and sceptics alike are agreed on the importance of this test. The whole question of whether the campaign can succeed within the five-year time-limit depends on what accountants would call the rate of obsolescence applicable to pledges. It has been stated that the painting of the Forth Bridge takes four years, and that before the last section is done the first section has to be started on again!

Mr. Reginald Kenney, the "National Dividend" candidate for North Bradford, has declined a proposal by Mr. Townend, the Social Credit Party candidate for South Leeds, that they should visit each other's constituency and speak on each other's behalf on some occasion during the election campaign. Mr. Kenney believes that this would "confuse the issue." But it need not confuse the objectives which both are working for. In any case electors won't be interested in doctrinal divisions as to how much they may be safely told about methods. Mr. Kenney also makes a reference to what he considers to be the inexpediency of naming a definite amount for the Dividend, e.g., £300 a year. That might be worth considering if authoritative Social Credit literature contained no estimate of how much could be paid. But seeing that Douglas himself named an amount as reasonable for Scotland in his scheme for that country, the point is not worth discussing. As we said last week, the bankers are able to floodlight any fact or argument which Social Credit advocates want to keep dark. So, for tactical reasons it is better for the Social Credit candidate to volunteer statements on these matters than run the risk of having them dragged out by inspired hecklers. Lack of frankness on the platform destroys confidence among the audience. We cannot see any justification

for Mr. Kenney's attitude except on the supposition, purely hypothetical of course, that he has assurances that the bankers will make things easier for him provided he disowns the Social Credit Party.

The *Daily Express* of October 31 published a derisory commentary on Mr. Townend's candidature under the signature of William Barkley. On the other hand, there was a sympathetic and respectful paragraph in the *Evening Standard* a day or two previously about the Electoral Campaign. It will be interesting to watch to see if the Press generally disclose evidence of discrimination against the Social Credit Party.

In William Barkley's article, which embodied an interview with Mr. Townend, an allusion is made to Major Douglas's recent illness. This, it should now be explained, was kept out of the Social Credit journals at the time (about a month ago) at the request of the Secretariat partly on account of the trouble which would have been caused by inquiries. Major Douglas is now better and has been able to resume business.

The above event may throw some light on paragraphs appearing in the *Daily Telegraph* one day last week and in the *Sunday Express* of November 3. Both referred to a split or estrangement between Major Douglas and Mr. Aberhart. This might have no other foundation than the rumour that Major Douglas's visit has been postponed for a few months. Whether the rumour is correct we do not know, but if it is the postponement may easily be due to doctors' advice, and have no connection with Albertan politics. We recall a paragraph in the *Citizen* (Ottawa), of October 10, in which it was stated that Mr. Aberhart had said that the Dean of Canterbury's visit to Alberta had been to see "how the land lies" and to report to Major Douglas in London at the end of that month. So readers have two accounts suggesting alternative reasons for a postponement of the visit. Neither necessarily requires the assumption of the kind put forward by the two newspapers in question.

According to the *Manawatu Daily Times* (New Zealand) of September 9 the New Zealand Social Credit Movement "has decided not to nominate any candidates for the forthcoming elections, but will continue with its educational programme which is being widely advanced throughout the Dominion." (Our italics). According to a speaker who addressed the London Social Credit Club a few months ago immediately after returning from a visit to Australasia, the cost of the Australian Movement's election experiment had created debts which in some cases looked like taking two years to discharge. To this expense must be added the cost of Douglas's tour, which cost the New Zealand Movement £950, and prevented New Zealand from supporting the Australian Sydney Social Credit group gave New Zealand £100 towards the cost of the tour out of the £200 surplus realised on the big demonstration at the Stadium. (The cost of promoting this demonstration was £890.) So it is not to be wondered at that New Zealand is now contenting herself with the less spectacular policy of educational permeation. There are now 305 branches as against 124 a year ago—a good augury for the success of the policy.

The London Social Credit Club want to get as many supporters as possible to help in selling tickets for the

TOWNEND for SOUTH LEEDS.

As you know, Green Shirt District Officer Wilfred Townend, B.A., is standing as our Candidate, on a 100% Douglas Social Credit programme, at South Leeds, on November 14th. The fight is on and we must win. The position has been carefully considered. With the right amount of support, Townend can win. In the interest of the Social Credit Movement in general he must win. Whatever your personal views may be, and to whatever organisation within the Social Credit Movement your personal allegiance is given, it is vital to you and to us all, that Townend be returned. I am therefore issuing this personal appeal to all Social Creditors to help and to help immediately.

We must have:-

1. Money. Remittances (large and small) should be sent to :-

W. Townend, Esq.,
Central Committee Room,
Social Credit Party,
11, Beeston Road,
Leeds, 11.

from whom Election Fund Collection Cards can be obtained.

2. Personal Service. Every man and woman able and willing to travel to Leeds and give personal help with clerical work and canvassing for Townend, should register immediately, noting clearly name and address and the dates upon which they would be able to be in Leeds.

3. Transport. Motor cars will be of vital importance to results in this Election. If you own a car and are willing to place it at Townend's disposal, please register immediately, stating (a) type and seating accommodation of car; (b) the dates upon which you can be in South Leeds. Cars will be required every day from now onwards, but particularly, of course, on Polling Day, Thursday, November 14th from 8 a.m. to 8 p.m.

All communications relating to offers of personal assistance and help with transport should be sent to the address given under (1) above.

Please respond to this appeal.

WRITE NOW! DO YOUR BIT for SOCIAL CREDIT!

There is NO TIME to HESITATE.

WE MUST WIN SOUTH LEEDS FOR SOCIAL CREDIT!

In the fight for Douglas Social Credit,

JOHN HARGRAVE

National Leader.

THE SOCIAL CREDIT PARTY OF GREAT BRITAIN.
(The Green Shirts)

31st October, 1935.

Albert Hall meeting on November 29. Communications should be sent to Dr. Joyce Mitchell, Hon. Sec., 2, Bromley Common, S.E. Those already helping are asked to send in proceeds of sales promptly so as to assist the promoters in meeting preliminary costs and in gauging the rate of progress towards filling the building.

The Social Credit Constitution.

"THE NEW AGE" OUTLAWED.

[This article appeared in these columns fifteen months ago. We reprint it because developments since then have proved, in our judgment, the wisdom of our tacit suggestion to Major Douglas that he should stand aloof from controversies on policies of political action.—Ed.]

What does "The Social Credit Movement" mean? "Social Credit" means the technical principles and methods laid down in Major Douglas's book *Economic Democracy*. The "Movement" consists of individuals who uphold them, uncompromisingly. They may not uphold them with full understanding; they are prepared to reject any offered policy for economic recovery which does not embody and implement the above principles. In the case of any doubt they are prepared to rely on the judgment of Major Douglas as the ultimate authority, or, if necessary, on others who are recognised as being authoritative exponents of those principles.

These technical principles may be regarded as the "Constitution" of the Social Credit Movement, and their discoverer as its "Constitutional Monarch." The acceptance of them constitutes the "Oath of Allegiance"; and is the common bond of loyalty uniting the subjects of the Social Credit "realm."

The Movement is of the nature of the realm as we know it, embracing all kinds and degrees of citizens with their diversity of character, interest, and aspiration. It is, to speak accurately, a shadow-realm, destined to permeate and supersede the realm which now exists all round it. Its victory will come through the leaven of Social-Credit science working in the heat of events foretold from it.

The same human nature which animates the subjects of the King animates those of the Social Credit Movement. Hence the division of the Movement into groupings of loyal subjects pursuing group-policies. These policies may be divergent, and some may be mutually irreconcilable, but none of them need be disloyal—nor can be, so long as they do not involve a breach of the "oath of allegiance" as above defined. To-day, Conservatives, Liberals, Socialists, Catholics, Protestants, employers, workpeople, and all other sorts and conditions of men unite in singing "God Save the King," and reconcile this prayer with their mutual discords and differences. And if there is one thing they would unite in condemning it is that any person or group should lay an exclusive claim to Royal patronage. The King is above sects and parties. And so, in a parallel sense, one might describe the A + B Theorem, or some other epitome of Major Douglas's Cost Analysis, as the "National Anthem" of the Social Credit Movement, at the sound of which antagonisms are suspended, and everyone meditates on his fundamental bond of allegiance to the Discoverer of the Means of Economic Salvation.

Again, His Majesty the King rules by the advice of his Ministers. From time to time their policy is inscribed in a document called the King's Speech. Yet none of those Ministers would affirm it to be an act of disloyalty to criticise the policy either in Parliament or in the country. The only rational significance attaching to the King's name here is that the policy embodied in the Speech is compatible with loyalty to his person as the Constitutional Monarch. That is far from saying that an amendment to that policy, or even an opposite policy, is necessarily incompatible with loyalty—much less that criticism of Ministers responsible for advising that policy is an affront to the King. Under the old single-party Cabinets this was obviously true; but it is no less true to-day of the "National" all-party

Cabinet, who might urge, with some show of plausibility, that since they represented the three main sections of political thought, they should be regarded, so to speak, as the "extension of the person of His Majesty." No organ of public opinion, let alone the public of this country, would dream of affirming such a doctrine; and, in fact, every such organ exercises the right to debate the Government's policy. And the very exercise of this right negatively affirms and conserves the uniqueness and separateness of the King's prerogatives. Accordingly, newspapers could, if they all did it together, invoke the King's name and call themselves e.g., His Majesty's *Times*, His Majesty's *Daily Mail*, His Majesty's *News Chronicle*, and so on.

This suggests a parallel with the Social Credit Movement and its thoughts and activities. We do not wish to overdrive the parallel, but we submit that its applicability ought to be carefully weighed and freely canvassed.

Our reason is that the Social Credit Secretariat (or some of its Council) are charging us with unconstitutional conduct in allowing two correspondents to write in this journal criticising the way in which the Secretariat dealt with the *News Chronicle* in respect of Mr. Geoffrey Crowther's articles, and that newspaper's invitation for the Secretariat to reply. It will be remembered that negotiations broke down on the question of how much space the *News Chronicle* should provide for the reply; and that the substance of the criticisms we published was that the negotiations ought not to have been broken off by the Secretariat on that issue.

The Secretariat's account of the negotiations was sent both to *THE NEW AGE* and to *The New English Weekly* for publication. *The New English Weekly* did not publish it; and not having done so, properly refrained from publishing any expression of view on the episode. *THE NEW AGE* published the whole document just as received. It recorded every detail of the conversations and correspondence that took place. At the end—and this is the crucial point in the case—Major Douglas expressed his concurrence with the way the Secretariat had handled the matter.

Now, in our opinion, the statement was something equivalent to the "King's Speech"—it described a given course of action which Major Douglas certified as being compatible with Social-Credit "constitutionalism" in the sense in which we have defined it above. But, in that sense, a decision to reply in the space offered by the *News Chronicle* would have been equally compatible. If not, some narrower definition of constitutionalism than ours is implied, and should be explained.

We are the last to affirm that on every occasion when a decision is taken by a responsible executive the reasons should be publicly debated. There are obvious instances, which any Social-Credit campaigner can call to mind, where to broadcast your reasons for what you do would be to defeat your object in doing it. But in the present instance reasons were voluntarily put forward. In the ordinary way the offering of reasons is regarded as an appeal to the judgment of those to whom they are offered. It might be objected that the reasons here advanced were not all the reasons—that there were ultimate reasons behind the proximate ones: but in that case what was there to prevent the confidential communication of these to the editors of the journals selected?

So, unless a satisfactory ruling is laid down, we must assert our right to permit the ventilation of opinion. And we can assert it all the more strongly because the regular readers of *THE NEW AGE* constitute the core of the Movement as regards technical knowledge or all-round judgment. They deserve to be treated as the Parliament of the Cabinet. They deserve to be treated as the composition of the Cabinet. Whether they choose to exercise their right of question and debate is their own concern: but to preserve the opportunity for them to do so is our duty, and should be the duty of every Social-Credit organ, subject to safeguards in special cases as already mentioned. Our function is that of the "Speaker of the House."

There was one ruling laid down by Major Douglas ten years ago which was manifestly reasonable: it was that

THE NEW AGE, being the organ of Social Credit, should not allow itself to be regarded as an open forum for attacks on its basic principles; and that if it did, on occasions, permit publication of a criticism, an answer should be published at the same time. This ruling has been followed. For the rest we have had a free hand; and have published views of all sorts, including criticisms of our own views.

But now it appears that our continued exercise of this freedom exposes us to the charge of "cutting ourselves off from Major Douglas and the Movement," and to the sentence (as donors to our funds have been made aware) of summary financial outlawry on that ground. According to one report, we are considered to have been guilty of "mutiny"; and the person expressing that view has said: "You do not treat with mutineers." There is to be no argument. Curiously enough, we heard of this just twelve hours before the world was shown by Hitler how that sort of thing is done. Evidently the spirit of slaughter was already in the air.

We do not know when the Social Credit Movement was put under military discipline. We have never been told any reasons why it should be, and are unable to discover any. Surely we should have been the first to be advised of such a change, whether we were required to submit to discipline or to help maintain it. The mandate asked for by the Secretariat on August 31 last, and Major Douglas's letter published on that date, contained no hint that the Secretariat's functions were to be other than technical and advisory.

City Notes.

THE SOCIAL CREDIT SECRETARIAT, LTD.

The Memorandum and Articles of Association and other documents relating to this Company can be consulted at the Company Registration Offices at Bush House, the south end of Kingsway, W.C.1, on payment of the statutory fee of one shilling. The registration number of this Company is 305508. Any reader intending to call should take note of this number, because he will have to insert it in a form of application for a "search," and would have to spend some time looking for it in the registers. The hours are from 10 a.m. to 4 p.m. There is only a delay of three or four minutes in obtaining the documents after passing in the application. A visit to these offices is worth while as a matter of general interest. The accommodation is excellent—roomy tables and plenty of floor space—a great contrast against the old chop-house church-pew cramping at Somerset House in the old days. The directors of the Company are as follows:—Douglas, Luxton, Tuke, Laub, Powell, Bennett, Gibson, Wylie, Willox, Johnson (the Dean of Canterbury), and Byrne. The objects of the Company include the "diffusion of knowledge relating to the economic principles set out in the works of Major Douglas," and the taking of "action to secure the adoption" of these principles. Among the powers which it takes is that of the "acceptance of gifts and endowments." [An article entitled "Private Limited Companies" appeared in THE NEW AGE of October 10, giving particulars of the advantages and privileges of such companies.]

LETTERS TO THE EDITOR.

THE SECRETARIAT.

Sir,—Many years ago when Major Douglas spoke about Social Credit in Wakefield, I was astounded and indignant when the local papers "pied" the important and vital parts of his speech. I am more than astounded when *Social Credit* adopts the methods of the orthodox Press and ignores Townend's candidature for South Leeds. *Social Credit* has now become a *real live newspaper*!

H. R. HIRST.

Clifford Moor, Boston Spa, Yorks.

Sir,—We wish to congratulate you on the last number of THE NEW AGE, and your attitude with regard to the Secretariat. We feel that such a move on the part of somebody was long overdue, and the last number of "Social Credit" confirms this opinion.

Have you noted that in this number, while the method of election of the Secretariat provides for the election of a chairman, the list given of organisations disapproved of, describes these as having policies at variance with that, not of the Social Credit Secretariat, Ltd., but of Major Douglas. However, we feel sure that none of the curious features of this manifesto will have escaped your notice.

Sussex, November 3.

E. L. and M. ROBINSON.

Forthcoming Meetings.

The Social Credit Party of Great Britain (The Green Shirts).

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. W. Townend, B.A., candidate for South Leeds will also speak.

Manchester Douglas S.C. Association.

On Friday, November 8, at the Milton Hall, Deansgate, Manchester, at 7.30 p.m., Rev. Father G. J. Seaston on "Social Credit and Christian Morals."

Public Meetings.

These meetings are organised by the London Social Credit Club.

At the Blewcoat Room, Caxton-street, Westminster.
November 8, 7.45-8.15 p.m.—Members' Meeting. 8.30 p.m.—"The Social Credit Movement in Canada and New Zealand," by Mr. Brian Dunningham, of New Zealand, who accompanied the Dean of Canterbury on his tour of Canada.

November 15, 7.45 p.m.—Publicity Night for Albert Hall Meeting.

November 22, 7.45 p.m.—Election Results. Mr. Arthur Brenton.

November 29, 8 p.m.—"What is Social Credit—The Truth about Alberta," by Marquis of Tavistock, Mr. Norman Smith, Mr. Maurice Colborne, and others at the Albert Hall.

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.]

WHAT IS SOCIAL CREDIT?

and

What is the Truth about Alberta?

The Most Honourable the Marquis of Tavistock,
Mr. Norman Smith, Mr. Maurice Colborne and
others will tell you at the

ROYAL ALBERT HALL on Friday, November 29

at 8 p.m.

ADMISSION 4/-, 2/6, 1/- and 6d.
and a limited number of free seats.

Tickets may be obtained from:—
Mr. K. W. Willans, Bush House, W.C.2 (Temple Bar 4287); Box Office, Royal Albert Hall (Kensington 3661); "The New Age" Office, 38, Curator Street, E.C.4; Miss Ann Page, Dorland House, Lower Regent Street, S.W.; Dr. J. C. B. Mitchell, 2, Bromley Common, Kent (Ravensbourne 2871) and Keith Provis & Co., 159, New Bond Street and all Branches.

Meeting organised by London Social Credit Club, Blewcoat Room, Caxton Street, S.W.1. FRIDAY NIGHTS, 6-10 p.m.

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