THE
NEW AGE

INCORPORATING "CREDIT POWER."

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NOTES OF THE WEEK.

Currency Stabilisation.

"Paving the way for stabilisation." So runs a headline in the *Evening Standard* of November 19. It refers to indications in the United States and elsewhere that a concerted international move may be made in the coming year to bring about "world currency stabilisation." Argentina, says the writer of the paragraph, has transferred the control of her exchange to "her new Central Bank." In France there is once more a "battle between the deflationists and the devaluationists." Why devaluationists, by the way? What has become of inflationists? The practical effect of devaluation is the same as that of inflation: it stimulates exports by cheapening the cost to the importer of the exporter's goods. The only difference is that devaluation is officially registered and recognised, whereas inflation is not. Devaluation may be said to be inflation under the advice and control of the Central Bank. Inflation is thus unauthorised devaluation. The term "Deflation" has no synonym corresponding to the term "Devaluation": if it had, the synonym would have to be some phrase expressing the sense of *re-valuing upwards*, making some given national units of money worth more in exchange for other national units thereof, or, in theory, worth more in terms of that metal which has a universal fixed value among the international bankers, namely gold.

* * *

The dropping of the term "Inflation" from the financial vocabulary now being used and popularised in connection with bankers' policies and plans may be due to political propaganda calculations. We must wait and see; but it is easily possible that the term "Inflation" is being reserved as an epithet for exclusive use against Social Credit or any other schemes which call for expansions of credit (and currency) and—most important—would vest control of the measure and use of the expanded credit in the hands of the representative Government. To the unsophisticated public differentiation between names signifies differentiation between things. Now the bankers of every country at present are carrying out policies which are really inflationary. All over Europe new credits are feeding re-armament; and in this country new credits have been additionally (or will be, as the case may be) feeding housing, slum clearance, and (the latest decision) tube-railway development. If you were to describe the effects as devaluationary instead of inflationary you would be speaking quite as accurately in a technical frame of reference. But in a polemical frame of reference, where the motivation behind the use of language was to discredit disapproved credit principles and proposals like Social Credit, it makes all the difference if one of those words had come to connote something sinister, and the other not, in the minds of the people. Note that while authoritative banking opinion has always used the term "inflation" in a sinister sense, as being something *wrong in principle*, the substituted term "devaluation" does not carry that deep connotation, but is put forward as describing something simply *less expedient* than, so to speak, fixity of valuation, i.e., something not wrong in principle. This can be seen in France to-day where the "battle" described as going on between deflationists and devaluationists is being fought out by sections of the banking community itself. Whichever side wins, the policy adopted will be compatible with *principle*. The principle, at bottom, it may be observed, is not technical, it is the unwritten law that central banks shall always act in concert whether sometimes circumstances make it expedient for them to keep in step or at other times to fall out of step. To sum up the central theme of this analysis: "Devaluation" is licensed inflation: "Inflation" is unlicensed devaluation. If you like to state the difference alternatively as between licensed and unlicensed *expansion*, you will be talking much the same truth.

* * *

Reverting to the technical aspect of the matter, the formal adoption of devaluation is not the cause, or even the prelude, to the process of de-valuation; it is nothing other than the belated and unwilling official recognition of an already existing state of devaluation (or inflation). The nearest parallel is that of the capital reconstruction schemes which have been made so familiar to us in this country. When Mr. Justice Eve has (and how frequently) reluctantly sanctioned the writing down of the value of shareholders' capital, nobody supposed that the value was there when he gave his assent; on the contrary he gave his assent because the value had already departed. And this is further confirmed by the fact that in cases where the writing-down has been opposed, the opposers' submission has usually been that the actual value was not so low as to justify the proposed devaluation figure. (Other matters crop up in these cases, such as whether different classes of shareholders are bearing the burden equitably, or stand level chances of sharing the future prosperity supposed to be rendered possible by a correct statistical confession of past adversity—as if the confession of losses brought forgiveness in the form of gains! —but these points are irrevelant to our main contention that an official devaluation of capital is nothing more than a notice stuck up on the industrial stable-door: "Horse bolted when the door wasn't.")

* * *

The immediate reason why the "battle" is going on in France is that there is a heavy Budget deficit to be met, and the Government (which it will be remembered was put in by the bankers expressly to balance it) are doubtful whether "the country can stand a further dose of deflation." (*Evening Standard* report.) If moral suasion could get the money out of the people there is plenty happening that would fortify the Government's appeal to them to save the situation. The Bank of France is losing gold at a rapid rate, the French Bank Rate is rising again, and money in Paris is becoming increasingly dear. But the agitators of the Left are busily putting about the story that these sinister phenomena have been manufactured by the Bank of France. The Parties of the Left are said also to be working at full pressure with the object of defeating the Government at the next election. Naturally everybody who fears the burden of more taxation or lower wages will wish to believe that the Government's appeal is based on the evidence of cooked events, and in any case will tend to support Parties opposing the Government's principles of economy and retrenchment.

* * *

The Government's dilemma is all the greater because, having taken to itself dictatorial powers at the beginning, it is now exposed to the fire of two sorts of critics, those who complain that it has misused its powers, and those who complain that it has not used them (or at any rate has not had the courage to use them to the full). In neither case can the Government use the defence that it has been hampered by the Legislature. It has been free to serve as a rubber stamp in the hands of the French bankers (with London bankers behind them). Powerful as these financial experts are, they must proceed by methods of trial and error in the hope of finding that happy mean in the extortion of money where the victim won't break out into violence. Any Government's policy of repression has to be shaped partly by reference to its prison capacity. And it should be remembered that to the extent that men are put out of work by the machine the strongest guarantee against their lawlessness is destroyed. Against every one man to whom the risk of imprisonment is the only deterrent to unlawful acts you can put hundreds (maybe thousands) to whom the risk of losing their jobs is the only deterrent.

* * *

Take the British Nonconformists' concerted decision to refuse to pay rates as a protest against Mr. Balfour's Education Act at the beginning of the present century; their resistance petered out in the comparatively feeble act of delaying payment until distrained on, and then handing articles of value to the bailiffs. It gave trouble and made a news story, but it exposed the impotence of political Nonconformity—or at least the smallness of its power measured against the noise of its Conscience. Why was this? Not because these people feared prison: many thousands would have been proud to go (the present writer alone could name half a dozen of his own relatives who would have gone). No; the trouble was that they had livings to earn and families to keep. If only employers had offered to hold open the jobs of Nonconformists absent at the front against the Government (on the Great War model) undoubtedly the prisons would have been filled to capacity. But there it is: business is no respecter of theological creeds and systems.

* * *

The French people have a fair notion of what powers reside in the hands of Finance, and doubtless it is only a question of time before they will begin to learn something about Social Credit. They need to learn because their opposition to the administration of deflationary legislation is useless while they are ignorant of the answer to the assertion that this legislation is necessary in the sense of unavoidable. For a citizen to say: "I'm not going to have this legislation applied to me," while being unable to see that it is technically unnecessary, is to say: "Someone else must be the victim." The same with industrial classes and political groups. Divisions arise and antagonisms are precipitated immediately. Already in France the "Fiery Cross" society is threatening to prevent the "Lefts" taking office if the Government falls, and to use force to keep them out. Why? To a great degree because of the prevailing concept of politics which pictures a fight to see who shall pick pockets and who shall have their pockets picked. Budget deficits need no longer be made good out of personal earnings. Let people get that into their minds, and the reasons why, then there will be no logical reason (as there is now) why all parties in France outside the orbit of the Money Monopolists' immediate sphere of influence should not align themselves against the tied Government without harbouring suspicions of each other's motives or intentions. This has application to all countries, but France comes into the picture here because the French people employ quick and forceful methods of letting their Deputies know what they want when they have decided that they want it. The amount required to balance the French Budget is only a fraction of the amount of money hidden in the secret reserves of the Bank of France. Let the Bank disgorge the Deficit.

The Miners' Wage.

It will be noted that whereas the welfare of our miners was not in any election programme it has become the first preoccupation of the new Government. The Sunday Press, with its sharp ear for a cue, is able to announce that the whole nation sympathises with the miners' case. The nation always has—ever since the subsidy was withdrawn and the General Lockout of 1926 took place. So why emphasise it now? Because the miners have decided on direct action by an overwhelming majority. The miners' Executive, even if

they would, cannot pretend to misunderstand their mandate nor try to delay its implementation. As usual the bankers have got an offer ready before the miners have had time to deliver their ultimatum. Also, as usual, they have prescribed the methods by which the offer will be made good. Also, as usual, they have let it be seen (and have inspired the Press to point out) that the interim shilling which will go to the miners will come out of the pockets of other people. Lastly, still as usual, they are seeking to lay the blame for this emergency on the coalowners, a trick to obtain powers to tighten their control over the industry. Naturally, since the bankers' money is mainly in electricity and gas, and their assistance to the coal industry confined to the export trade, they can force up the price of coal to the consumer at home with the knowledge that if he is driven off coal they will have gained a new underwriter for their loans or security for their debentures. Not only so, but a "consumers' flight" from coal would mean the disemployment of coal-miners. Coal-mining comes very nearly at the top of the list of industries employing most employees per unit of capital; and for this reason alone it is regarded by the bankers as an industry to be superseded as soon as practicable.

The National Dividend.

DOES IT CAUSE USELESS CREDIT EXPANSION?

A correspondent raises the following question:

Assume present bank credit/deposits to be £M2,000. Social Credit is started. Assume £M1,000 State credit given to consumers in the first year (grossly underestimated).

Either 1. Bank loans are reduced to £M1,000 and deposits remain at £M2,000;

or 2. Bank loans remain at £M2,000 and deposits increase to £M3,000.

or A balance between 1 and 2.

In the case of 1. Assuming £M1,000 consumer credit yearly, in two years banks loans are non-existent and deposits are £M2,000, in three years £M3,000, in x years £Mx1,000. These deposits are owned by individuals and would seem to increase indefinitely. In the case of 2. the result would eventually be the same.

It is reasonable to suppose that these deposits, originally representing State-created gifts of credit should be withdrawn. Not being loans, they are not owed to the State; they belong to individuals and cannot be claimed. Yet it seems that an infinite piling up of deposits cannot be sound.

The basis of the above assumption is that P — C = £M1,000, and continues at this figure yearly. In practice the figure would, of course vary, but the principle remains the same.

* * *

Consider the Bank of England and the Big Five Banks as one credit authority carrying out the Government's policy. Hereinafter call it the Bank.

The Bank will issue credit in two directions: (a) to industry for production as now, and (b) to citizens for consumption as provided in the Social Credit proposals.

* * *

Now come down to the consumer end of the system and take a hypothetical illustration of the functioning of a consumption credit. John Smith gets a dividend of £1. He is charged this £1 by his grocer. The grocer now has the dividend and John Smith has certain groceries. John Smith is now out of the financial circuit. The grocer deposits the £1 at the Bank. At this point the Bank holds £1 deposit, but has not issued a £1 loan to the grocer. The grocer does not owe the £1 to the Bank. But the grocer owes the £1 to someone. It represents an item of cost in the production of groceries. Let John Brown be the creditor in respect of this cost, and let the grocer transfer the £1 to his account. The grocer is now out of the financial circuit, and the Bank has to deal with John Brown.

We must now inquire how John Brown came to be entitled to receive John Smith's money from the grocer. It must have been through one or other of the following two processes. Either he laid out a deposit of his own, or else he borrowed £1 from the Bank to lay out. (It might be partly both—but keep them separate.) If he borrowed it, the Bank will cancel it and the deposit will disappear. If he did not borrow it, then he has simply replaced in his account a deposit that was there before. In neither case is the sum total of deposits increased so far as Brown's transactions with the Bank are concerned.

Someone may say: Ah, but if Brown laid out his own deposit it went into the wage fund, and John Smith got it or part of it. But the answer is that if Smith had got it he would not have received a Dividend at all; or if part of it, then that much less Dividend.

For remember, the very purpose of the issue of the Dividend is to supply Smith with just that balance of money which Brown laid out and Smith didn't receive. Brown's disbursements, minus Smith's earnings, measure the correct amount of the Dividend.

Next we must travel a stage further. Supposing Brown had laid out *his own* £1 deposit. What made it possible for Brown to have a deposit of his own to lay out? This; that someone else, say Jackson, had borrowed £1 from the Bank and hadn't repaid it. This deduction rests on the fact that all deposits reflect loans by the Bank. Brown may have sold something to Jackson for Jackson's borrowed £1.

The relation of the Bank to these two is this: that Jackson owes the Bank £1 and the Bank owes Brown £1. Now the Bank can't make Brown pay Jackson's debt, but it can (and would) force Jackson to raise £1 somehow sooner or later to do so. Brown is the only source (in this analysis) and Jackson would (as usually happens) have to induce Brown to buy something from him or to lend him the £1. However he raised it, the Bank would destroy it on receipt. The £1 deposit would disappear. That is to say, John Smith's consumption credit would have been retired in advance.

The question of whether this £1 can accumulate when issued periodically, say week by week, turns on Brown. We have to inquire in what circumstance it would be possible for Brown to accumulate new deposits at the rate of £1 a week without there being an equivalent cancellation of deposits held by Jackson. That circumstance would have to be this: that Brown has claimed and acquired £1 without having disbursed any money at all.

For it must be borne in mind by critics who picture vast accumulations of deposits proceeding from the issues of the Dividend, that if their theory is true, these deposits will be the property of individuals or groups (typified by Brown) and that it will have to be explained how they derive the right (or excuse) to draw them from consumers (i.e., Smith) via retailers (i.e., the grocer) as a component of the price of consumable goods (i.e., groceries).

We have seen that Brown's claim to receive £1 could rest on (a) his transfer of £1 of his own from his account to someone else's or (b) his borrowing a new £1 and transferring it likewise. If (a) then Smith's £1 is a re-transfer back to Brown's account, and Brown's deposit is the same in amount as it was before. If (b) then Smith's £1 goes via Brown to the Bank and is cancelled, leaving Brown's other deposits (whatever he had) untouched. In neither case does Brown receive Smith's £1 as a new deposit.

Then how can Brown claim to exercise the right of a creditor of the grocer or Smith in respect of the £1 without disbursing £1? It can only be by virtue of his possession of investment rights in the grocery business. He might have share-capital originally costing £1. If so, then he could legitimately require this £1 to be added into the grocer's price to Smith. But share-capital is not money. On the contrary, it reflects a previous cancellation of money to that amount. So if Brown gets Smith's £1 in the form of a repayment of share capital, the £1 will certainly increase Brown's deposit by that amount. Brown will have "converted" or "liquidated" something which was not money into money. He will end up with additional deposits without being liable to pay them to the Bank or, for that matter, to anyone else. The additional £1 is his property.

In such a case what will have happened will be the same as if the Bank had issued the £1 Dividend to Brown instead of to Smith, on the understanding that this sum should be omitted from the price charged to the grocer, and, by the grocer to Smith. That is to say, the Bank would have bought Brown's share-capital, which would now represent a Bank investment. Now when the Bank buys investments it creates credit and increases deposits. So Brown's £1 would be a new deposit—a net increase of the total deposits of the community. And if this transaction were repeated week by week Brown would accumulate new deposits without causing any other person's deposits to be diminished.

If Brown uses £1 of new money (whether by borrowing from, or selling share-capital to, the Bank) to buy something from Jackson (whose debt to the Bank was seen to be the cause of Brown's *own* deposits) which becomes incorporated in the groceries eventually sold to Smith, then the following things happen and in the following time-sequence:—

1. Total deposits of industrial community raised by £1. (Bank's £1 to Brown.)
2. Total deposits of industrial community lessened by £1. (Jackson's use of Brown's £1 to repay the Bank.)
3. These total deposits again raised by Jackson's borrowing another £1 to replace what he has sold to Brown.

On balance the total deposits and debts of the industrial community are raised by £1. That is to say the Bank, Brown and Jackson between them create a debt-deposit of £1. Against this the Bank issues a non-debt-deposit, namely the Dividend, to Smith. Cutting out the intermediaries Brown and Jackson, when Smith pays for the groceries he repays the Bank, and the total of debt-deposits is reduced by £1.

Now debt-deposits are not deposits in the sense of private property, much less of private property which can accumulate. On the contrary, by the very reason of their origin they are constantly in process of extinction. This process is masked by the fact that in normal times new debt-deposits are created by the Bank as fast as old debt-deposits are destroyed. (When faster, debt expands: when slower, debt contracts.)

Smith's earnings, as distinct from his Dividend, are his share of new debt-deposits. Let us call them £4. When he spends the £4 he cancels a debt-deposit in a particular seller's account, but does not thereby reduce the sum total of debt-deposits held by the industrial community. He discharges an old cost but the £4 that he uses reflects a new cost to the same amount.

This would not matter if the £4 bought him all the groceries which could be put at his disposal. But by hypothesis it does not: it buys him 4-5ths: and that is why he receives his Dividend of £1. This £1 must be a non-debt deposit because it is required to discharge a proportion of cost immediately chargeable without involving the charge of a new cost to that amount in future.

One function of a non-debt deposit is to slacken the rate at which debt-deposits are used in financing industry. Or, in other words, non-debt deposits replace debt-deposits to a certain proportion (in this illustration 1-5th) in the finance of production. The grocery transaction will now be seen as follows:—

Cost of groceries.		*Smith's purse.*	
Debt-deposits	£5	Debt-deposit	£4
		Non-debt deposit	£1
	—		—
	£5		£5

The effect of the issue of the non-debt deposit to Smith is to cancel *finally* £1 out of the £5 charged, leaving £4 to be carried forward in costs (of new articles Smith has been paid for making).

To sum up. Smith receives a £1 because the groceries cost £5 and he has only £4. Since, by hypothesis, this £1 replaces a disbursement by Brown (*otherwise irreplaceable*) it cannot be superfluous; it doesn't add to Brown's store of money. We have seen that Brown's store of money, his *own* money, is debt-deposit-capital at one remove; it has been derived from Jackson, who owes it to the Bank.

Now industry is financed by Browns and Jacksons, and these classes of industrialists are daily paying money to each other, with the result that the Bank is daily recovering loans from the Brown class *via* the Jackson class. Of course in practice every industrialist is sometimes a Brown and sometimes a Jackson, and most times both at once. They are only considered separately in this analysis in order to demonstrate the important truth that deposit-capital even when not offset by any liability of the owner to pay it to the Bank, is nevertheless offset by such a liability elsewhere.

We can now combine the two names and say that if the contention is true that the Dividend will accumulate, then the Brown-Jackson class will be the beneficiaries. Multiply the £1 up to £1,000 millions; and you have to ask yourself how this class can lay claim to that amount without first parting with it, and how they could have obtained it to part with except by (a) borrowing from the Bank, or (b) selling securities to the Bank. It is granted that if the banks to-day were to buy up all the country's share-capital, the Brown-Jackson class would come into many thousands of millions of unpledged deposits. But banks only lend on, or buy, remunerative share-capital, and the Brown-Jackson class wouldn't borrow on, or sell, such share-capital unless they were going to disburse the proceeds on some enterprise. Always we seem to come back to the conclusion that the £1 put into Smith's hand is needed by Brown or Jackson or both in order to repay the Bank.

This analysis is admittedly not complete—it is too simplified for that—but it opens up lines of profitable contemplation to those who are studying the problem of dividend-cancellation systematically.

Socialism and Social Credit.

TOM JOHNSTON'S ADDRESS TO FABIANS.

At a crowded gathering of Fabians on Saturday, November 16, I listened to the Right Hon. Tom Johnston, M.P., when, after his three hectic weeks in the election, he spoke upon Socialism and the idea of a National Dividend. At the outset he apologised for the fact that owing to pressure upon his time through the election, he was not so thoroughly prepared with material for his address as he might have wished.

Mr. Johnston told his audience that down to the war Socialists were quite rightly working for a Right to Work Bill, which was then the primary principle for them to struggle for. The war, he pointed out, caused (or stimulated) something new to happen in our social economy. The urgent need for man power increased the production in the coal pits and agriculture—to take Scotland's two basic industries—through the rapid development of man-displacing labour-saving devices. As a result "the productive capacity of this country had multiplied by over twelve and a half times" whilst in U.S.A. the figure was "twenty-five times." To illustrate this premise Mr. Johnston made reference to the growth of mechanical appliances in transport, commerce, industry, and agriculture, and his quotations were chiefly taken from orthodox sources such as National and Scots newspapers.

Summing up this part of his address Mr. Johnston said that "the machine has beaten and baffled all the 'New Dealers,'" and that "Mr. Lloyd George is just thirty years too late." "These are elementary considerations," he said. "The problem we have to face now is not the problem of finding work, but the problem is how to distribute the enormous surpluses."

Mr. Johnston then went on to deal with his second set of facts in relation to Marketing Boards for milk, potatoes, and meat. Owing to the enormously increased output, with consequent gluts, producers have been forced to seek a regulated market, and he advised his audience to "examine these Marketing Board schemes to see whether they could fit them in to their ideas of Socialism." Mr. Johnston went into details of experiments, and made reference to a Government Blue Book entitled Miscellaneous Publication No. 2, in which it is stated that one person in four is living below the border line of poverty. He referred to Lord de la Warr's experiment in potato distribution at Bishop Auckland, and Dr. Ryan's experiment in meat distribution in Ireland. In the latter case all went well with the distribution of free meat until the Finance Minister tried to balance his budget. Since then a charge of threepence per pound has been made. Mr. Johnston eulogised the fact that to-day 400,000 children in Scotland are being supplied at very low cost with some of the surplus milk instead of it being destroyed.

These marketing schemes, he said, are the beginning—the opening up of the distribution of the surpluses whereby you are going to begin to equate production with consumption. He believed that surpluses should be made to fill the "empty bellies," and he indicated this as one of his main objectives politically.

Three concluding references out of seven may be of particular interest. Mr. Johnston emphasised that the age of scarcity is over, and that since we are now living in the age of abundance Socialists should not try to legislate for an age of scarcity. Machine power gives us an annual problem of a surplus to deal with. "You can get your money by super-tax or by Social Credit, but I sincerely hope," he concluded, "not by borrowing money at usury."

In answer to a question Mr. Johnston carefully avoided any specific committal to Douglas, although he made it quite clear that he was by no means ignorant or unsympathetic thereto. He also referred to the fact that he was instrumental in inducing the Labour Party to widen its frame of reference in regard to the committee's inquiry into Social Credit.

In a personal talk Mr. Johnston gave me the impression that the purpose of his attitude is to prepare the way for the obviously essential change that is being forced by physical facts upon every good Socialist of the old school.

Although Social Crediters might justifiably object to the fact that Mr. Johnston made no specific reference to the hidden arch-enemy—Finance—and although "Capitalist" Marketing Boards may have a long way to go before they really serve the community aright, there can be no doubt in my mind that a doctrine of Gradualism may quite definitely help to pave the way for a final attack and victory over Finance.

Absolutism and Gradualism will ever be debatable points, I suppose, but can anyone be so dogmatic and hard-boiled as to suggest seriously that paths to our material El Dorado —Social Credit—may not, after all embrace both routes of approach to that fair and earthly paradise.

R. ERNEST WAY.

Wealth.

EXCERPT FROM EMERSON'S ESSAY ON "WEALTH," WRITTEN IN THE 1850's.

"The wise, versatile, all-giving machinery makes roads, chisels, locomotives, telegraphs. Whitworth divides a bar to a millionth of an inch. Steam twines huge cannon into wreaths, as easily as it braids straw, and vies with the volcanic forces which twisted the strata. It can clothe shingle mountains with ship-oaks, make sword-blades that will cut gun-barrels in two. In Egypt, it can plant forests and bring rain after three thousand years. Already it is ruddering the balloon, *and the next war will be fought in the air. But another machine more potent in England than steam is the Bank.* It votes an issue of bills, population is stimulated and cities rise; it refuses loans, and emigration empties the country; trade sinks; revolutions break out; kings are dethroned. *By these new agents our social system is moulded.* By dint of steam and of money, war and commerce are changed. Nations have lost their old omnipotence; the patriotic tie does not hold. Nations are getting obsolete. . . .

"The machinery has proved, like the balloon, unmanageable, and flies away with the aeronaut. Steam from the first hissed and screamed to warn him; it was dreadful with its explosions, and crushed the engineer. The machinist has wrought and watched, engineers and firemen without numbers have been sacrificed in learning to tame and guide the monster. *But harder still it has proved to resist and rule the Dragon Money, with its paper wings.* Chancellors and Boards of Trade, Pitt and Peel and Robinson and their Parliaments, and their whole generation, adopted false principles, and went to their graves in the belief that they were enriching the country which they were impoverishing. They congratulated each other on ruinous expedients. *It is rare to find a merchant who knows why a crisis occurs in trade, why prices rise or fall, or who knows the mischief of paper money.* In the culmination of national prosperity, in the annexation of countries, building of ships, depots, towns; in the influx of tons of gold and silver; amid the chuckle of Chancellors and financiers, it was found that bread rose to famine prices, that the yeoman was forced to sell his cow and pig, his tools and his acre of land; and the dreadful barometer of the poor-rates was touching the point of ruin. The poor-rate was sucking in the solvent classes, and forcing an exodus of farmers and mechanics. What befalls from the violence of financial crises, befalls daily in the violence of artificial legislation."

Notice.

All communications concerning THE NEW AGE should be addressed directly to the Editor:

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20, Rectory Road,
Barnes, S.W.13.

Renewals of subscriptions and orders for literature should be sent, as usual, to 70, High Holborn.

The Electoral Campaign.

A correspondent elsewhere makes reference to what he regretfully calls the " failure " of the Electoral Campaign in Bradford. What has failed is not the campaign but the particular result expected of it. The campaign proper, that is, the personal interviewing of electors and collecting of their signatures, can undoubtedly serve a useful purpose. Given voluntary canvassing, it is the cheapest way of attracting attention to Social Credit. But it is also the slowest; and for that reason is not capable of generating electoral pressure sufficient to change the complexion of the Government within the short time-limit of five years. Fifty years, perhaps. For quick results the campaign must be supplemented and reinforced by other activities.

Democracy Not Born.

By Frederick J. Gould.

Real democracy is not yet born. England is governed by a small minority. If present conditions continue, the women and the men can go on through a hundred and one General Elections, dropping ballots into boxes, and democracy will not exist. Why? I speak as an old colleague of Hyndman and as a follower of Douglas, the Social Credit apostle, since 1920, and I say democracy cannot exist until the people control money and prices, and until all young citizens are educated up to ages eighteen to twenty-one. Of course, the same statement fits Moscow, New York, Paris, Toronto, Cape Town, Canberra, and Wellington, N.Z. But I talk now only of England, because the Baldwin Cabinet proposes to raise the school age to fifteen. Fifteen! Curse upon our sloth! I remember how, fifty years ago, Hyndman and Morris and Edward Carpenter demanded school and maintenance to age sixteen. Most of our children go out into the tumults and slums and wars and wage-slavery at age fourteen, with but a poor and faint understanding (for which I do not blame the teachers) of humanity's wondrous history and hidden powers.

I will offer a national programme, and as to the money factor I will merely remark that the expense of buildings, teachers, and maintenance of all the children and adolescents could be met, without taxation, out of England's Social Credit, or industrial production-power. But I must utter two forewords about teachers and religion: (1) No woman or man, married or unmarried, should be allowed to teach unless she or he has a natural and genial appeal to the soul of youth. I have moved in the world of schools and Education Committees, etc., during more than sixty years, and I grieve to say I have known duffers who taught classes merely to get the wages. (2) In order to ease the raising of the school age to fifteen, sixteen, and beyond, I would (even though I am a Rationalist opponent of theology) approve public grants for buildings and administration to Roman Catholics, Wesleyans, Unitarians, Jews, and Anglicans on equal terms with Council schools which give Bible lessons. Bread and social training first; doctrine debates second. On this basis the programme stands as follows:—

1. School buildings to be finely sanitary and well decorated, with ample playgrounds and gardens; and, whether by school journeys or hostel arrangements, town children over six should have frequent experiences of rural life, and village children should see town life.

2. Practical order of values: Preparation for service of family, village, city, country, universal humanity; appreciation and promotion of beauty in all forms; the sciences (preparatory to age fourteen; systematic, pleasant outlines after fourteen).

3. Methods: Revelation of man's social history; poetry, music, drama, dance, drawing, painting, making; celebrations in assembly; reading and writing as necessary helps; arithmetic in earlier years to be strictly confined to amusing exercises and the needs of daily life. Schools to be mainly (not entirely) co-educational.

4. Kindergartens near children's homes to close of age six.

5. Junior schools to age eleven.

6. Intermediate to age fifteen.

7. Adolescent, with workshops, etc., and recreational clubs, to age eighteen.

8. Social apprenticeship (with or without payments, according to circumstances of training) in the period eighteen to twenty-one when, in many cases, young people are engaged in practical work of domestic economy, agriculture, mining, shipping, manufacture, art, science, etc., but linked with education in classes or correspondence. Carefully ordered clubs for both sexes.

Many signs show that our civilisation slowly gropes toward the ideal thus briefly indicated. At each step of the groping we approach the birth of genuine democracy (or sociocracy), and I, aged eighty in December, 1935, rejoice.

Points From Letters.

THE ELECTORAL CAMPAIGN.

I think that the electoral campaign in this division [North Bradford.—Ed.] has been a failure, but I still believe that people can be stirred up to " demand results." —C. L.

[Our correspondent will be glad to know that his belief is shared by all sections of the Movement, and always has been. The problem on which opinion is not yet unanimous is (a) *how to stir them up* (b) to the pitch of *resolving to make* their demand effective, and (c) by what *method(s)* they can make it most effective (d) in the *shortest time*.—Ed.]

THE ELECTION.

Your comments and analyses of the Election results are very useful. It is so very difficult—especially for a feebly mathematical person like myself—to find a clear track through the bushes and to judge where the rabbit went. So far as psycho-political factors can be rendered into quantitative terms, the " movement "—Bless it!—may profit; given also the grace to abide instruction. Never very ardent over the verdicts of " arithmocracy," it is very difficult for me to feel moved either way by election results—I mean calculable and disputable results like the present Elections. For, of course, landslides like the Alberta result belong to the order of cataclysms, more after a manner of what the negro preacher called " a phunomenum, my breddrun."

Perhaps we may say that a convinced S.C. voter counts for more in the counting of noses because he has learnt to *use* his nose—perhaps indeed that may be something we need to discover, a way to get at the populace, to rouse its instincts, to get it to *smell* something. " I smell something burning." " I smell a rat." " The occupants of the house noticed a peculiar smell, and the police were informed."

The Bankers say " Confidence," but we go on repeating, " Can't you smell something? "

The first reflection that came to me on reading the results in " The Times " was, THE NEW AGE must go on. You (if I may say so) combine so wonderfully the steel-sharp definition and the logical analysis which the affective intellect demands, with the insistence upon the sense of smell (if you will allow the description).

I like so much your recent reference to the Lawrentian technique in guerilla warfare. Heaven only knows—and let us hope approves and inspires—how much has been done for S.C. by such free fighters. It seems certainly the best and most possible way for men placed as I am (precariously perched between the Altar and the Bank) to further " the cause." That, and, of course, keeping in touch with the base of communications—THE NEW AGE.

I can do much, and, please God, do manage to do much, with " the flock " (the grex)—never failing to expose Mammon and his impertinences, and insisting upon the " good life " as the end of all true political action, " good " including " all good things around us." That insistence sets me more free to insist further that the end of religion is not anaesthetically to make us oblivious and tolerant of social wrong, but positively the beatific vision of God. The Gospel, after all, is older and more authentic than Mammon's doctrine of abstinence!

Well, then—and I didn't intend to write so much, but I felt I must write you about some of the things—we go on sowing suspicion and distrust of Mammon and Norman his Prophet, and pointing to the true end of man socially and spiritually.

Your mention of the time factor in electioneering suggests this to me about propaganda. *Time,* in this sense, becomes articulated and potent when it is translated into rhythm. Myers showed in his *Experimental Psychology* that *spaced* repetition was much more useful pedagogically than spasmodic and concentrated study (Rush)—it provided for sure absorption and later spontaneous and unfailing reproduction. I employ it myself with much success in teaching.

The " feeling " around here was not one of " steadiness " so triumphantly assumed by Baldwin, but one of uneasiness—not even fear of the Socialists, but a sensing that something is wrong. The herd must soon lift up one common snout into the air and the smell of Bankster come down the wind. There must be some day a rush like Alberta's, and someone will have loosed the hook on the gate—to freedom.—A WEST-COUNTRY CORRESPONDENT.

SOCIAL CREDIT POLITICAL POLICY.

May I offer my appreciation of the last few issues of THE NEW AGE. It is hard to compare back issues, as so much has happened, but it seems to me that the poignancy and potency have increased enormously. Perhaps it is that the cards are on the table and one feels one is getting somewhere. I don't know whether you have long held that perspective of the frailty of the Social Credit followers for purpose of action, but in delineating it now so clearly you have given me that little extra which turns a submissive agreeing into a conviction. (I mean about the choice of a line of action for myself in the Social Credit interest.)—F. W.

A Bank of England Director on Financial Dictatorship

Pixton,
Forest Row,
Sussex.
Nov. 3rd, 1935.

Wilfred Townend, Esq., B.A.,
11, Beeston-road,
Leeds, 11.

Dear Mr. Townend,

As you know, I am NOT a supporter of the " Douglas Plan," and yet I cannot refrain from expressing to you my admiration for the bold stand you are making against the iniquity and inhumanity of the existing monetary system.

Most sincerely I hope that the electors of South Leeds will realise the fundamental necessity for reform, and will make full use of the opportunity you are giving them, of recording their determined opposition to the present Financial Dictatorship, which makes it not only possible but " necessary " that many thousands of our people should go on living in utter poverty and want, so that " The Money Industry of the City of London " may continue to flourish, unmolested and unchanged.

We are told that " Confidence has been restored "! This is no doubt very consoling for Throgmorton Street, and the witch-doctors of Lombard Street; but it is cold comfort for the cottages of the country, where there is no confidence, but only mistrust and despair. This is an impossible situation for it is dishonest and un-Christian; and quite unnecessary.

Having such convictions (and with knowledge of the economic principles you are supporting) I wish you the greatest possible success, for you are fighting not only for the benefit of your own constituency, but for the economic freedom of the country.—Yours sincerely,

(Signed) VINCENT C. VICKERS.

[Vincent Cartwright Vickers is a Director of the London Assurance Corporation, Deputy Lieutenant of the City of London, and was Director of the Bank of England from 1910 to 1919.—ED.]

Counter-Propaganda to Social Credit.

FOR THE CLASSES.

" Social Credit is simply another name for continuous and progressive inflation. As the foundation for a reformed monetary system it is a fantastic absurdity."—E. F. Nash in *Machines and Purchasing Power* (Routledge. 6s.)

FOR THE MASSES.

Douglas's great contribution to economics is said to be " The Just Price." He did realise that unlimited inflation would mean unlimited rising prices. " Ah, I will stop that," said he. " I will get everybody to sell at a loss."

And so it is that one of the most breathless things about Douglasism is the new art of selling at a loss—without losing.

Douglas, in the new Millennium, will be proud to meet the man who sells at a loss, and the bigger his loss the better, because under Douglas your loss is your profit.

Everybody will sell at a loss, so that everybody else can buy.

Then all the losers will troop gaily along to the new " Social Credit Office " and chant in chorus: " We've lost again; we've lost again. We want some Douglas Dough! "

The " Social Credit Office " is pleased to hear it. It says to the prodigal Mr. Jones: " Well, and what was your loss this week, our dear Mr. Jones? "

" A million," says Jones.

" Well, that's on us," says the clerk. " We'll enter the amount to your credit at once, Mr. Jones, without interest. Go ahead. Repeat it. Beat it, if you can. And be sure to call again next week, Mr. Jones."

And where does the money come from to enable all goods to be sold at a loss?

Out of " the credit of society," says Douglas. Four simple words.

" Out of the Major's imagination," say his critics.

That's why Mr. Jones very soon comes round to tear the place down. It has dawned on him that his loss of a million is only too real—and final.

The Social Credit Office has neither gold, nor deposits, nor goods, nor securities, nor anything else with which to recoup him.

No wonder they don't pay him interest. They couldn't.

If he breaks through the barriers all he will find inside will be a ledger, and, maybe, a printing press which has run hot and collapsed.

And so the Dreaming Major has merely deceived himself. He inflates just the same, in spite of his " just price " plan of selling at a loss.

The only difference between him and the ordinary inflationist is that Roosevelt inflates with real money and Douglas inflates with unreal money.—The *Sunday Sun and Guardian,* Australia, January 21, 1934.

LETTERS TO THE EDITOR.

THE WORTH OF MONEY?

Sir,—Mr. Joseph's wise remarks concluding his exposition of the A + B Theorem do not yet seem to grasp the full significance of the psychological difference between Douglasites and those who follow Mr. Gaitskell.

Mr. Joseph says there are people with incomes higher than they deserve, and these are, thereby, forced to save, thus causing a deficiency of buying-power. That is not the whole case. There are people whose incomes are contemptibly small, who are forced to save by finance-bred fear, or in the effort to achieve a little of the social power which usurers always wield over a community. These savings are inextricably confused with the hidden credits of institutions, those already in existence and those yet to be born of the ink-pot.

Mr. Gaitskell's remedy: taxation, would not, we know, bring up to production-level the currency which now lags behind Earth's fecundity. It is Social Credit's aim to do this, but the Douglas Theory will continue to be unacceptable to the vocal masses while Douglas compensates private usury while denouncing that of institutions.

Pure science does not discriminate. To pour free credit into the purchasing end of the machine in order to make good an impersonal deficiency is one thing. To discriminate between two sorts of deficiency, charging the community with the cost of cancelling one of them, is quite another.

Until Social Credit theory is amended to remove the obvious absurdity of proclaiming money a worthless goods-ticket which yet shall bring reward to hoarders thereof—then Douglasism must continue to be without power to create democratic demand, for it is not democratic until credit is *all* free.

GLADYS F. BING.

Public Meetings.

These meetings are organised by the London Social Credit Club.

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.

Forthcoming Meetings.

Manchester Douglas Social Credit Association.

December 4, at 7.30 p.m., at the Milton Hall, Deansgate, Manchester. Public meeting. Mr. A. H. Blackman on "Social Credit."

Manchester Social Credit Club.

Meetings on the first and third Tuesdays of each month at the Grosvenor Hotel, Deansgate, Manchester. 7 p.m. onwards. Visitors welcome.

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.]

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