THE

NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

The Goldsborough Bill.

We have received from a correspondent a copy of the Bill introduced by Mr. T. Allan Goldsborough to the U.S.A. Congress on August 22, 1935, referred by them to the Committee on Banking and Currency, and ordered to be printed. No further copies are procurable, but the full text of the Bill was published in *New Democracy* (66, Fifth Avenue, New York) of November 1. Most of the text is devoted to (a) definitions of terms and (b) provisions for the administration of credit policy. The principles underlying the Bill are those of Social Credit. It provides for a Dividend and a Price Discount, and prescribes the authentic formula for ascertaining the ratio of the discounted price to the full cost. Until the discount rate shall have been thus determined (after the passage of the Act) an arbitrary rate of 25 per cent. shall be made operative. When the necessary data are assembled the Federal Credit Commission (or as we might say, the National Credit Office) may lower or raise the initial experimental discount. No discount at all may be proclaimed unless Production exceeds Consumption by at least 20 per cent. On the other hand, however large the margin for raising the discount indicated by the P : C ratio, the discount shall not be raised by more than 5 per cent. as between one period and the next. The Federal Credit Commission will revise the discount rate every calendar month.

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As for the Dividend, there is to be a *per capita* issue amounting to five dollars monthly to be paid during one year after the passage of the Act. At the end of the year, and every succeeding year, the collective amount of the Dividend is to be determined. It shall in no case be less than 5 per cent. of the credit balance of the National Credit Account, and may be anything more according to how much of that balance is "not otherwise appropriated."

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As students of Social Credit understand, the resources of the National Credit authority might be appropriated in other ways additional to the granting of dividends and price-compensation. For example, say that the total amount available be represented by the token figure of 100—the allocations might appear as follows:—

Price compensation to retailers	50
Dividends to consumers	30
Reduction of taxation	10
Socially desirable grants-in-aid, whether to persons or institutions	10
	100

This division is arbitrary and has no reference to any computations, but it serves as a reminder that unless any Social Credit enactment provides that the distribution of consumer credit shall be exclusively and wholly in the form of Dividends, or exclusively and wholly in the form of Discounts, it opens the way for political influences (or the "personal factor") to operate in respect of deciding the proportions in which the two shall be distributed, and also in respect of deciding whether the two collective amounts shall amount to the whole, or to less than the whole, sum available for distribution. Whether this is called a good thing or bad thing is a matter to be argued outside the purely Social Credit frame of reference. To the Social Credit technician it is sufficient if the *design* of the new system is adopted by the Legislature, and the principle thus recognised that consumers are in need of credit-supplements to their earnings in order to absorb incipient gluts of goods and keep Production running smoothly. For it can be foreseen that eventually the Legislature (or if you like the Bureaucrats, if any) will be obliged to distribute all the credit that can be distributed because unless it does industry will work inefficiently (i.e., wastefully). Industrial engineers, in the new era, will not, as they do now, regard limitations of cost as acts of God. And they will not indefinitely tolerate obstructions to their progress arising from the hesitancies of political busybodies about how much money consumers "ought to be trusted with." With Social-Credit enlightenment in the air it will be clearly recognised that the stabilisation of the means of life at any level involves the arrest of all expansion and improvement. To-day the opposite belief rules people's outlook; they have the notion that industry flourishes by putting people on a low dietary.

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Stabilisation at the point of satiety is quite another matter, and when that hypothetical situation arose industrial engineers would have to bend their faculties to something other than expanding production capacity.

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Mr. Goldsborough appears to have drafted his Bill with an eye on the prejudices and fears which its provisions are calculated to provoke. For example, notwithstanding that he embodies in it the technical principles which constitute the guarantee against surplus Dividends coming into circulation, he forestalls objections by critics who deny or doubt their efficacy by introducing a clause which provides that in the event of a surplus being revealed the Government may declare a "*negative retail price discount*" of 20 per cent. on all consumable articles except certain enumerated basic necessities. We admire the tact underlying this designation. Out of its context it might mean anything —fish, fowl or good red herring—so cannot be used as a weapon by any party to a controversy. Actually it is a discount from a discount and amounts to the cancellation of some portion of a prevailing discount, or, maybe, all of it. Well, no-one will object to the insertion of this safeguard (though technically unnecessary) if it will help the members of Congress to swallow the principle of the discount proper.

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We can't resist the temptation to digress for a moment to recommend Mr. Goldsborough's diplomatic idiom to the attention of M. Laval. If he were to borrow it and, instead of talking in such crude terms as "wage-cuts," etc., he were to invite the French people to assent to "negative advances in remuneration" he might get away with his plans. Who knows? Nothing is too trivial to be tried in times of high tension. It has been said that the word Mesopotamia, properly articulated and intoned, has been known to make old ladies weep (we forget the name of the ecclesiastical luminary who found out the knack of doing it). And, as orators of all sorts know, when you can melt people to tears you can go down their pockets.

* * *

But there is still something humorous in Mr. Goldsborough's method of rectification—and that is its beautiful simplicity and impeccable efficiency. If there's too much money about he doesn't take any away from consumers, he just discontinues giving them so much. That won't remedy inflation that has already taken place, but it will stop further inflation at the source. His main test of inflation is that of watching to see if the price level rises. In normal times (where there is no decline in output) the expanded volume of consumption should raise the proportion of industrial revenue to overhead costs and materially lower the average unit-cost of all articles comprehended in the consumption market—particularly over a period where industry had surplus capacity ready to take the load of extra consumption. And even otherwise the increasing capacity of the engineering industries to replace or extend existing plant and other physical capital should prevent any perceptible additions to final unit-costs. Price levels are of course based on unit-costs—the figures used to express values always being in terms of so much *per* some weight, or length, or volume. Hence, barring natural checks to production, the tendency of the price level should be continuously downwards, and therefore its tendency to rise should be taken as a symptom of something wrong.

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Other features of the Bill are these. That National Credit Certificates shall be issued by the Government to the Federal Reserve and other banks in order to cover their issuance of discount-credits to retailers and dividends to consumers. That the Secretary of the Treasury shall open a Credit Certificate Retirement Fund. Into this Fund shall be paid every year one fourth of the national revenues over and above the amount needed to balance the Budget. Into this Fund also would be paid the proceeds of the negative retail discount (if and when imposed). Additionally the Federal Reserve Board and its Open Market Committee are left with discretion to operate "the present controls over the supply of money through open market operations," and the "discount rate," "as heretofore to maintain a balanced credit structure." The Retirement Fund shall be used at the discretion of the Secretary of the Treasury for the retirement of Treasury Credit Certificates from the banks.

Alberta Notes.

The *Financial Times* keeps its readers well posted with news from Alberta. A cable dated November 21 announced that Major Douglas had been invited to go out there. Another dated November 24 reported that in the election for the mayoralty of Calgary the Social Credit candidate failed to dislodge Major Davison: also that for Calgary generally the municipal voting in favour of Social Credit candidates fell to 10,000 from 20,000 at the provincial election. The *Daily Express* of November 28 contributes some information of another sort. Its Calgary Correspondent cables that Mr. Herbert B. Brougham of New York has arrived there to challenge Mr. Aberhart's "claim to the leadership of Social Credit programmes." The cable proceeds:

"Mr. Brougham says he came to Alberta at Dr. Aberhart's request with a plan to pay dividends of £2 a month instead of the £5 promised by Dr. Aberhart. The plan, he says, was stolen from his hotel bedroom. Dr. Aberhart denies inviting Mr. Brougham to Alberta."

A few days previously (November 25) the *Daily Express* published a long cable from this Correspondent discussing Mr. Aberhart's prospects in view of the investigations and recommendation of Mr. R. J. Magor, the Montreal actuary, who has just returned to Montreal after two months' work. "Social Credit Premier Sees Rocks Ahead" runs the headline to this cable. Apparently Mr. Aberhart's plans of re-organisation will be blocked unless the Ottawa Government backs his £50,000,000 refunding scheme. But his chance of securing that backing depends upon his carrying out Mr. Magor's recommendations, which, as was to be expected, prescribe retrenchment and new taxation. Even so, there would still remain another obstacle, says the Correspondent, namely that "all other provinces with more orthodox programmes are entitled to the same consideration as Alberta." In the meantime Mr. Aberhart is being "worried by the clamour for the dividend." In a previous cable it was reported that Mr. Aberhart

attributes this clamour to the work of *agents provocateurs* and denies that it signalises the attitude of his supporters.

On the face of it the situation calls for Major Douglas's presence at Edmonton at the earliest moment. Assuming that Mr. Aberhart is really intent on producing results, by which we mean the distribution of any dividend at all (even a shilling a month) everybody in the Social Credit Movement would like to know definitely (a) whether this is feasible compatibly with Mr. Aberhart's compliance with Mr. Magor's terms, or if not, (b) whether Mr. Aberhart ought or ought not to comply with those terms. Neither the editors nor the readers of he world's independent Social Credit journals want to be kept guessing on these matters; and it should be quite simple to get an authoritative statement as to the possibilities of the solution of this technico-political problem. The balance of evidence so far received since the election in August points to the conclusion that Mr. Aberhart can do nothing unless he can effectively challenge the constitutional limits placed on his powers, also that he has no powers to challenge them effectively.

At the same time, if he can look upon himself as occupying one provincial sector of a "Dominion" front (and, by extension, of an Empire, and a World, front) there may be openings for him, while unable to score a major success himself, to create opportunities for such successes in other sectors. He has got a cluster of representatives into the Dominion Legislature; and if these, or any of them, are quick-witted and resolute men, they should be able to maintain a strong insistence on the prior claim of the Dividend remedy on the attention of the House. They might emulate the resourcefulness and ingenuity of the Irish Nationalist bloc in the British House of Commons—whereby hardly a day went by without members getting a startling reminder that Ireland had grievances to be rectified. A Social Credit bloc in the Dominion Legislature would be able to do this sort of thing with better effect than the Irishmen, because, although exclusively representing Alberta so far as their political credentials were concerned, they would not be demanding redress for Albertan aggrievements alone but for the dispossessed citizens in every province of the Dominion.

In taking this line of challenge they would incidentally show up the irrelevancy of calculations as to whether Alberta can afford to relieve the poverty of Albertans. Even supposing it to be granted that the technical and constitutional obstacles were insuperable in Alberta, the wider challenge would raise the question whether such obstacles were insuperable in Canada as a whole. So far as these were technical, to affirm their insuperability would be absurd. But so far as they were constitutional such an affirmation could no doubt be sustained, especially by lawyers. And that is just where it would suit Social Credit advocacy to see the Government driven. We all want the floodlights of Hansard projected on the fact that the Constitution of the Empire virtually inflicts the same penalties on a member-Dominion which seeks new markets at home as the penalties now being inflicted on Italy for seeking them abroad.

The time is especially opportune for this to be done because of the triumph of the Socialists in the New Zealand elections. We are not under any illusions as to the wisdom and enterprise of Socialist caucuses in general, but we do place more reliance on the classes of citizens whose poverty renders them responsive to the Socialist idealism. They may be led wrongly, and they may mis-understand what is the matter with things, but they are types who, if once they become enlightened as to the real cause of their condition, will run more risks to get it removed than the classes above them. Political doctrines are not the reason; the reason lies in the simple fact that a man trained by hard experience to say: "Sufficient unto the day is the wage thereof," and his wife, trained to be called on at any moment to keep the home going on quarter-rations of money or less, are both at home with risks of which the mere thought agitates their middle-class neighbours. Corduroys will show the way to black-coats every time when there's real fighting to be done. They are the stuff to form a Movement, provided—and this is vital —that the recruitment of privates is kept in some relation to the provision of trained officers who know what to fight about and when to do so.

For this reason it is all to the good that the new Government in New Zealand should (even if only in form) reflect the needs and the potential power of the "workers." And it is further reassuring to reflect that the fast developing educational activities of our Social-Credit friends in New Zealand must tend to enlighten these workers and impel them to take a more active interest in the policies of the Socialist Ministers whom they have placed in power.

The Theatre.

"The Inside Stand." Saville Theatre.

Mr. Wodehouse's new farce takes some time to get under way, probably because the large proportion of American wisecracks in the dialogue is a little overpowering to a London audience; but once the author, the actors, and the audience are thoroughly warmed up the show is a great success. Mr. Ralph Lynn is in good form, and his silent rehearsal of the first meeting with his future father-in-law achieves the height of comic virtuosity. Mr. Lynn is backed up by Mr. James Carew as the father-in-law, Mr. Ben Welden as, of course, a gunman, and Miss Olive Blakeney as a kind of Duchess.

A. BONELLA.

The Albert Hall Meeting.

The meeting held at the Albert Hall last Friday evening was a definite advance on the meeting at the Central Hall, Westminster, from the point of view of the number present. The official box-office returns just received by Dr. Joyce Mitchell, the energetic Honorary Secretary of the London Social Credit Club, disclose an attendance of close upon 5,000 people, which is considerably more than twice the number at the Westminster meeting.

Professor Soddy and the South Leeds Election.

[The following letter was sent to Mr. Townend, the Social Credit Party candidate for South Leeds, during the recent election.]

Dear Mr. Townend,—I endorse Mr. V. C. Vickers's letter to you and wish you success. I am not a supporter of the details of the Douglas Plan, but every honest monetary reformer will be with you in your effort to terminate the wicked monetary system which has us all in a trap and which perverts all the benefits of progress. That is the Public Enemy, and I think almost the only one it is necessary to destroy to secure peace and happiness again.

It is a secret conspiracy with the ostensible Government, whatever the Party label, to hamstring democracy and keep the nation enslaved to a gang of counterfeiters pretending to lend but, in fact, minting money in order to perpetuate poverty in the midst of abundance.—Yours sincerely,

FREDERICK SODDY.

131, Banbury-road, Oxford.
November 13, 1935.

The Cancellation Controversy.

The "Rosa Dartle" Gambit.

Following upon the analysis published last week under the title: "The National Dividend—Does It Cause Useless Credit Inflation?" a suggestion may be offered to readers who do not want to get entangled in unprofitable argumentation about A plus B and all that. It is this. That when any critic or objector raises the familiar question: "What is to prevent these enormous Dividends accumulating as uncancelled surplus Deposits?" he should first be invited to agree that if these surplus Deposits were to appear (a) they would belong to certain identifiable institutions or persons, and (b) they would come into their possession as revenue from sales.

"I Only Wanted to Know."

Assuming agreement, the critic should then be invited to imagine himself (or a company in which he held an interest) as one of the beneficiaries of this access of Deposits; and to explain how he (or his company) would set to work to secure this result within the conditions laid down for operating Social Credit. For instance, how would a person (or firm) in, e.g., Glasgow pile up new deposits under, e.g., the "Scheme for Scotland"?

These questions are not intended to suggest that critics cannot outline plans or processes by which certain producers can amass new deposits without incurring new liabilities. On the contrary, they are intended to elicit exemplary outlines of this sort, because the latter will then be in a practical form suitable for submitting to the following tests:

(a) Would the (given) producer need, or desire, to do . . . (whatever it was)?

(b) If so, would the banks (here regarded as the production-financing department of the National Credit Authority) assist him to do it?

(c) If the answer is yes to both "a" and "b," could *all* producers simultaneously succeed in the same manner as this one?

Propaganda by Question.

It cannot be emphasised too strongly that the least competent exponent of the essential technical content of the Social Credit analysis and proposals can *spread enlightenment by asking for it*. Let this be illustrated by an authentic episode.

One evening at the New Age Club a gentleman arrived with a thesis and diagram which he wanted someone else to examine. It was intended to be a demonstration of the above-mentioned technical truth, but it did not satisfy him: there was a loose end, so to speak, that he couldn't tie up—like the Irishman's thirteenth pig that couldn't be counted. Yet there was no doubt in his mind, when he fell back on general principles, that it *could* be tied up—that the particular point (illustrated by some curve or figure representing something or other) could be used to make his case watertight. But the blessed thing would persist in appearing to disclose a leak in his demonstration. For weeks and weeks, so he said, he had puzzled over it with no result. It was like the final word needed to complete a cross-word problem, where most of the letters of it were fixed by the position of other words, but where the letters left optional wouldn't complete the right word, or any known word at all. The difficulty needs no further elaboration: every veteran expounder of Social Credit has gone through this experience time and time again. Very well; the present writer was invited to examine the thesis and diagram. He sighed, like Mr. Neville Chamberlain's Treasury Officials, but not in their spirit—the sigh was evoked by many sad memories of the difficulty experienced in quickly adjusting his moods and angles of view to those which governed previous attempted demonstrations of the above elusive character which he had been called upon to criticise at short notice. Anyhow, to hurry to the end of the story, the difficulty was resolved in about forty seconds. And how? Merely through the putting of two questions to the visitor as to what a certain two figures represented. In answering the second, the visitor suddenly spotted the snag that had eluded him. Triumphant joy. "And to think," exclaimed he, "that I should have spent all these weeks puzzling over this before asking your opinion, and then the moment I ask it I find out the answer myself." Now the joke—and also the moral—of the story is this, that even unto this day the present writer is unaware of what the snag was, and of whether the answer so triumphantly discovered by his visitor did really perfect the thesis. He had only begun to inquire what his visitor wanted to prove, and on what lines he proposed to prove it. Moreover—and this crowns the moral—the two questions that he asked were such as might have been asked, and probably would have been first asked, by the youngest neophyte in the Movement. The present writer thus spread enlightenment by seeking it, and without sharing it! (Loud laughter, what? But that's how it goes.)

The fact that in this case you had two people both of whom knew their first principles discounts the applicability of the method to cases when no fundamental basis of agreement is discoverable. But not a great deal. In fact a question may easily disclose to the person questioned (sometimes to both) the absence of any basis of agreement, and even the absence of any proposition to be disagreed on. A most valuable disclosure, surely. The stock interjection: "What is it that you are trying to prove to me?" very often pricks the bubble of empty garrulosity. Most argument is soapsuds, anyway.

The "Cui Bono" Test-Question.

Moreover the issue referred to in the first section of this article is sufficiently clear-cut for ordinarily intelligent people (whether students of Social Credit or scoffers at it) to discuss it up to a certain point without misunderstanding each other. The question posed is one which, generalised, amounts to this: "How far, if at all, do the Social Credit Proposals, when in operation, allow of the Dividend to consumers being converted into Profits to producers?" The same question, particularised, is this: "How could you, Mr. So-and-so, as a seller, get a rake-off from the consumers' Dividend as a super-profit—i.e. a profit in excess of the one allowed you under your terms of contract with a Social Credit Government or Credit Authority?"

If opponents of Social Credit would thus show us working models of the processes by which the Dividend would accrue, as alleged, to producers as cumulative expansions of deposits, they would do more to establish their case than by talking airily about "inflation"—as if inflation were a superhuman phenomenon like an eclipse of the sun. Whatever "inflation" may be, according to the various definitions adopted by different people, it is something brought about by the act and will of human beings. It is impossible to show any process of so-called inflation at work without showing human beings doing things with money and collecting money for doing things. Inflation is the work of human inflators. So if the Dividend causes inflation then it prompts and permits inflators to inflate. Each inflator must be imagined as boasting: "I can summon divvies from the vasty deep." It is a pity that the bankers cannot bring forward an exhibit of such a person, or a series of them—preferably hiring Olympia for the purpose. We do not need to be shown what he does under the present system—the public are pretty well acquainted with the process. The inflator performs the act of holding back goods in exercise of the will to exact the maximum price from (ultimately) the consumer. But both his act and will are prompted by the bankers, and rewarded by the bankers. What we would be interested to see is this same typical inflator performing these same acts under a Social Credit Authority, where the prompting and the rewarding are reversed in direction. He would have to be a Robot to continue the performance. He's near enough to it, we'll agree, with his will-power degraded to a cluster of conditioned reflexes, but not so near as to be insensitive to the stimulus of the coming revolutionary change in his environment.

Tales of Two Inflators.

Bearing on this an episode occurred during the war. The present writer was talking over the financial situation with a gentleman who was on the directorate of the Imperial Tobacco combine. He ended a graphic description of their trading with these words: "I'll tell you that we are literally ashamed of the profits we are making." Nor was there any hint of insincerity in his outburst: he knew nothing of the views (then Guild Socialism probably) held by the writer.

Probably to-day this gentleman is in a mood something like one in which another friend of the writer's said: "I wish we'd given all our surplus profit to the staff: it would have done them some good, while it has done us none, and, except for a mere accident, might have landed us into debt." This was after the deflation ramp of 1920. He was the chief director of a large chemical firm—a man of generous impulse, as will be appreciated by the fact that at the close of the war he gave every member of the staff (some hundreds of employees) a cash bonus amounting to a whole year's salary or wage. Perhaps one ought to lay more stress on his freedom from moral inhibitionism, for no doubt at the time of this munificence there were plenty of other directors all over the country who would have emulated it but for their fear of its demoralising effects! Anyhow, what occasioned his regret was the usual circumstance that he had ploughed his surplus profit into extensions of the factory in response to the bankers' exhortation to industry to be fruitful and replenish the war-stricken earth! Luckily, before he had come to the point of borrowing further money to complete the projected extensions, the building operatives on the job were called out on strike (Praise God for the "human element") and for this and other reasons the work remained unfinished.

These two episodes, relating to two widely differing personal types, may reasonably be adduced to show the probability that the directorates of British enterprises are a long way from being congenital inflators in the sense of being blind to the better opportunities for commercial prosperity and social regeneration provided by the Social Credit principles of finance. It may almost be urged that the compulsions or conditions which Social Credit (in its earlier stages of operation) would lay upon them would be practically the same as those which they would elect to lay upon themselves when made aware of the broad objective aimed at by the Social Credit Government and the technical explanation of the danger of unregulated prices to the achievement of that objective.

Sir Josiah Stamp's "Calculus of Plenty."

The Norman Lockyer Lecture, 1935, was given on November 13 in the Hall of the Goldsmiths' Company, London, under the auspices of the British Science Guild. It was entitled "The Calculus of Plenty," and the lecturer was Sir Josiah Stamp, G.C.B., G.B.E., LL.D., D.Sc., F.B.A.

Sir Josiah began by quoting Thomas Carlyle in *Past and Present* ("In the midst of plethoric plenty, the people perish") and went on to point out that "articles and speeches on all sides pivot and pirouette on the phrase 'Poverty in the midst of plenty.'"

". . . Now," said Sir Josiah, "comes the latest encyclopaedic novel *Summer Time Ends*, written, as we are told on the wrapper, with a 'savage sense of the tragic absurdity of poverty amidst plenty.'"

I can assure Sir Josiah that the wrapper is right in what it says. I wrote the book. It *was* written with a "savage sense" of this tragic absurdity, and, having read carefully every word of his Norman Lockyer Lecture on the "Calculus of Plenty," that sense of savage indignation has been increased 100 per cent.

In all that Sir Josiah had to say to those who listened to him in the Hall of the Goldsmiths' Company, what was his central theme? What was he really propounding?

It is to be found in the following words:—

"Every statement of technical multiples in production requires therefore much qualification and examination, before the plenty which it connotes can be determined. But in any case, there is a more serious limitation. If, in fact, there are only one or two such new machines in existence, and the bulk of supply comes from older equipment, *the alleged plenty does not actually exist*, nor is it actually potential; it is only hypothetically or ultimately potential." (My italics.)

What is the banker in the Hall of the Goldsmiths telling us? He is telling us that—

"THE ALLEGED PLENTY DOES NOT ACTUALLY EXIST!"

He is, without doubt, a cross between my Sir John Jordans in *Summer Time Ends* and my Sir Otto Speidlehus, saying—

"Hhrumph! my dear sir, you may imagine there is what you choose to call 'plenty,' but, in fact, this alleged plenty does not actually exist. . . ."

Under the sub-title of "Gluts, Over-production, Restriction and Destruction," Sir Josiah tries to explain why this "alleged plenty that does not actually exist" was, and is, actually destroyed! He says (page 25 of the printed lecture):—

"The excess supply of wheat of late years seems enormous when stated absolutely in bushels. But if it is measured in relation to the total consumption it becomes more reasonable."

(To whom does it become "more reasonable"? Does it become more reasonable to a family that is actually going short of bread to eat? Or does it only "become" more reasonable to those with well-filled bellies?) However, Sir Josiah continues:—

"The total consumption in six years (excluding the supplies of Russia and China internally produced and consumed) was 21,683 million bushels, and the carry-over at the end of the period was 444 millions greater than at the beginning in August, 1928. Thus, only 2.05 per cent. of the supply was unconsumed. Per capita consumption declined during the period. 'If it had not done so, the world would have used in the time 710 million bushels more than it did use and not only would there have been no excess, but the world would have been seriously short of necessary working stocks. Even if normal consumption had not been maintained, it would have required, for example, only the eating of an extra slice of bread out of every fifty, and the throwing of an occasional extra handful of wheat to the chickens, to have balanced demand to supply.' " (Sir Josiah is here quoting from an address by W. Stanford Evans, of Winnipeg, before the Grain Market Analysis Club, Chicago, December 12, 1934.)

If this means anything at all, it means that the production of wheat over that period was fairly close to the consumption (" only " 2.05 per cent. was unconsumed). The " actual plenty " was not there—had not been produced?

Several questions have to be asked before this example of Tragic Absurdity can be properly considered.

Was the production of the 21,683 (plus the 2.05 per cent. not consumed) million bushels of wheat limited by *physical inability to produce more* (i.e., enough for " the world " to eat " an extra slice of bread out of every fifty " and to throw " an occasional extra handful of wheat to the chickens "), or was it limited by the fact that the consumer market had *only enough purchasing-power to consume 21,683 million bushels?*

If wheat-producers knew that wheat-consumers had the purchasing-power to take up not merely 21,683 million bushels, but also that " extra slice " and " extra handful for the chickens," is it a fact that " the world would have been seriously short of working stocks "? Could they not have produced the " 710 million bushels more " which (please note) " *the world would have used* "—if it could have?

It is not suggested, either by Sir Josiah or by Mr. Evans, that " the world " had reached its *limit of physical consumption*—or, is it? Because, if it is, I am able and willing to take Sir Josiah and/or Mr. Evans into the homes of English men and women who cannot and do not get enough bread to appease hunger: who are, in fact, going short of bread, and are in a state of semi-starvation.

The further question arises: why did not these (financially) poverty-stricken and physically hungry people in England consume some or all of the 2.05 per cent. surplus? Was this " surplus " needed as " necessary working stocks "—or what?

Sir Josiah said:—

> " In some important (wheat) consuming countries prices are forced up to two or three times the levels that would normally correspond with the basic prices in the great primary markets. Price is so heavily loaded against the consumer that the normal reactions to changes in supply prospects or primary market fluctuations do not occur."

That looks as though price-loading against the consumer has enormous effect upon " supply prospects " (which must include wheat production in the wheat fields)?

Dealing with the destruction of coffee, Sir Josiah said:—

> " Perhaps the best-known example of the actual destruction of plenty "—(which " does not actually exist "?)—" is the recent burning of coffee in Brazil. Between 1931 and March, 1934, some twenty-seven million bags of coffee, equivalent to nearly two years' requirements, were destroyed. Not everybody realised that the probable cause of the whole episode was an attempt on the part of the producers, *not merely to maintain prices, but to raise them.* The Brazilian Coffee Valorisation Scheme had the effect of encouraging new planting, and was responsible for the excess of supply over demand *at that price.* (My italics.) The remedy was wholesale destruction."

And that is not a tragic absurdity? That is not the crazy outcome of the economics of Bedlam?

The keywords in the above quotation from Sir Josiah's lecture are " at that price."

Well, it is quite true that *that* "plenty"—twenty-seven million bags of coffee, equivalent to two years' requirements—does not now " actually exist." It was drowned or burnt or left to rot. But don't imagine that people who could not get coffee could have had some of that twenty-seven-million-bags-full. Under the present costing (= pricing) system they could not. The plenty of coffee did actually exist . . . but " not everybody realised that the probable cause . . . whole episode . . . PRICES! . . ."

> " Taking the example of the boot supply," said Sir Josiah, " I may quote Dr. Snow, writing in another connection: ' The purchasing power of the producer is only maintained if there is *a regular and profitable market* for the things he produces. To produce an extra million pairs of boots now is a very easy matter and there are many tempting inducements to do so, but *to get them used* on the top of the normal production is extremely difficult. There are empty factories in Northern towns which can be used merely by paying the ground rent on the land. Up-to-date machinery and equipment can be obtained at an annual rent, and the local authorities will provide power and lighting on very attractive terms. The temptation for men with the requisite qualifications to use these facilities which enable them to produce substantially cheaper than established firms is great, but in the absence of any corresponding *inducements to wear out these extra boots,* the slow growth of population is a limiting factor in the expansion of demand.' "

How's that for the madhouse reasoning " given off " by the Economics of Bedlam? And, it seems, Sir Josiah agrees with Dr. Snow about boots! Let us set it all out clearly:—

1. It is " very easy " to produce an extra million boots.
2. But it is " very difficult " to " get them used."
3. Having made them at a " substantially cheaper " cost, " corresponding inducements to wear out these extra boots " would be lacking.
4. And so, we discover, the " slow growth of population " limits the demand.

In the city of Leeds during the last week or so I saw any number of children with their bare toes showing through their boots.

Question: What was the " inducement " that induced them to wear out their boots?

Question: Would more children (growth of population) tend to un-limit the " demand " for boots, thereby making it possible for the increased number of children's bare toes to be well shod?

Suggestion: That hop-scotch be made compulsory for all children between the ages of five and fourteen, as it can be shown that this game is one of the finest " inducements to wear out " at least one million extra pairs of boots (in fact, even more).

Question: Or has the whole problem of the " demand " for extra boots something to do with " a regular and profitable MARKET "? And if so, what is a regular and profitable " market "—MONEY with which to buy the extra boots in the pockets of the parents of the badly shod children?

Come awake, for God's sake!

No, no, don't . . . go to sleep again . . . and remember that although Dr. Snow states that it is now " very easy " to produce a million extra pairs of boots (with plant not at the moment in use—" old equipment," in fact) " THE ALLEGED PLENTY (OF BOOTS) DOES NOT ACTUALLY EXIST " because we cannot find " inducements to WEAR OUT these extra boots." It follows, therefore, that we must speed up " the slow growth of population." You see why? And, in the meantime, do not imagine that the Social Credit phrase " Poverty amidst Plenty " can truthfully mean that there *is* an actual plenty that does exist and could be used.

That phrase, as Sir Josiah said in the first few words of his lecture:—

> ". . . has widened its content . . . and in the last few years it has become, in its nebulous, over-suggestive and provocative complex, in a thousand headlines and titles, *almost an intellectual menace.*" (My italics.)

It is of enormous importance that the phrase " Poverty amidst Plenty " has so penetrated into the minds of people that it begins to oust the scarcity-slogans of the Money Power, and is now " almost an intellectual menace."

Not until it becomes far more than that—not until it becomes almost, or quite, a physical menace—a revolt of the community in organised fury against this tragic absurdity—can there be any hope of escape from the results of the Economics of Bedlam, which are—needless poverty and war.

John Hargrave.

Social Credit Secretariat.

[Hereunder we publish Major Douglas's preface to the Report and Accounts recently circulated by Mr. Tuke—also the figures to which it refers. We make no comment this week except to say that we begin to understand why a stranger approached us a fortnight ago, offering to take over " The New Age" before the inevitable "crash" occurred.—Ed.]

8, Fig Tree Court,
Temple, E.C.4.
22nd October, 1935.

Dear Tuke,

I have read your Treasurer's Report and Accounts of the Social Credit Secretariat for the year ending June 30th, 1935, and I think that no one who examines these documents in the light of what has been done in the year under review can fail to be struck by the fact that it has been done at a cost to subscribers of less than £2,500.

Obviously, no human institution is perfect or even achieves reasonable perfection except through a process of trial and error. What is undeniable is that in one year more solid progress has been made than in the five years before. In saying this I do not, of course, minimise the more favourable circumstances, but advantage could not have been taken of these circumstances so fully if the Secretariat had not been in existence.

The most valuable work which is being done is, of necessity, hidden from the public although I think that the effects of it are already visible in the politics of this country.

The outstanding visible achievement is the establishment of the paper *Social Credit* which in one year has increased its circulation from under 5,000 to over 11,000 whereas no Social Credit paper previously has reached even a quarter of this circulation even after many years' effort.

In addition there has been organised an overseas intelligence service which is both authoritative and conservative.

These two achievements are themselves sufficient to encourage subscribers to do their utmost to increase the funds in order not only to consolidate the work which has been done but to press it forward towards the success which they must regard as vital.

Yours sincerely,

C. H. Douglas.

Income and Expenditure Account.

Year to June 30, 1935.

INCOME.	£ s. d.
To Donations	1,972 9 7
do. Miss de Castro's appeal	429 15 6
Bank Interest *less* charges	5 0
Sales of " Social Credit " *less* Reserve for Returns	907 12 2
Subscriptions " Social Credit " *less* Amounts unexpired	366 18 9
Advertisements	94 2 9
Sales of Literature	468 12 0½
	£4,239 15 9½

EXPENDITURE.	£ s. d.
Salaries and Insurance	936 2 9½
Editorial Expenses	312 9 10
Rent	130 10 0
Postage, Telegrams, Telephone	301 17 8½
Printing and Stationery	131 14 9½
Printing " Social Credit "	1,798 3 4
Office Expenses	107 18 8½
Travelling Expenses	31 1 9
Lighting and Heating	28 4 3
Proportional Representation Soc. (Secretariat Election)	3 3 0
Press Cuttings	12 12 0
Advertising	4 3 6
Miscellaneous	4 9 4
Lease and Removal Expenses	8 3 0
Audit Fee	9 9 0
Literature Purchases	269 14 8½
" Printing	56 13 4
	4,146 11 0½
Balance being Excess of Income over Expenditure	93 4 9
	£4,239 15 9½

Balance Sheet.

LIABILITIES	£ s. d.	£ s. d.
Trade Creditors		93 11 10
Unexpired " Social Credit " subscriptions		113 5 4
Accumulated Fund—		
Amount Brought Forward. June 30, 1934	£46 9 0	
Add Excess of Income over Expenditure for year	93 4 9	
Stock at valuation	125 18 7	265 12 4
		£472 9 6

ASSETS.	£ s. d.	£ s. d.
Cash at Banks	141 15 2	
Cash in Hand	21 9 6	
		163 4 8
Trade debtors		110 4 7
Office Equipment		35 11 8
Stock-in-Trade		125 18 7
Rent Unexpired		37 10 0
		£472 9 6

We have examined the above Income and Expenditure Account for the year ended June 30, 1935, and compared it with the books and vouchers relating thereto and certify it to be in accordance therewith.

F. MAXFIELD MATHER, Incorporated Accountant
(Hon Auditor).

JAMES POLLARD & FAREBROTHER,
Chartered Accountants.

LETTERS TO THE EDITOR.

USURY AND SOCIAL CREDIT.

Sir,—As my article on A + B has been used as a peg on which to hang Mrs. Bing's remarks concerning usury, perhaps I may be permitted to reply. Both private usury and usury of institutions will be treated in exactly the same way under the Douglas scheme—in the way abhorred most of all by usurers—they will be paid off. There is no discrimination in Douglas theory between deficiency caused by private hoarding and that caused by institutional hoarding. If particular emphasis is laid on institutions it is because Socialists are ready enough to point to and to tax accumulations of money held by individuals, but overlook the like accumulations so neatly tucked away in the hidden reserves of institutions

Furthermore, it might be pointed out that under Social Credit the reward for holding money might well be negative. Will the banks continue to pay interest on dividends deposited with them? Will they not rather charge for "storage"? Under the old economics it was taken for granted that a holder of money was entitled to be recompensed in recognition of his virtue of allowing wealth to be accumulated. But things would be different in an age of abundance. One might well suppose an imaginary conversation between a holder of money and the State. The owner of money says, "Although I am consuming all I want now, I have a surplus of income. I wish to provide for my future and want to be assured that I shall be able to obtain full value for my money later on when I want to use it." And the State replies, "The goods and services corresponding to *all* your income can be made available now. If you wish to defer your claim and put us to the trouble virtually of storing goods for you, you must pay interest on your holding of money." Such might well be the result of the Douglas proposals in operation. Where would the usurer be then, poor thing?

A. W. JOSEPH.

PROPOSED SOCIAL CREDIT GROUP FOR HARROW.

Sir,—May I encroach upon your space by the insertion of this letter, asking all interested supporters of Social Credit in the Harrow district to communicate with me.

R. WITHY.

36, Briar Road, Kenton, Harrow.

ANSWER TO CORRESPONDENT.

NORTH BRADFORD ELECTION.

Arthur H. Eade, Hon. Sec. Bradford D.S.C. Group.—Your letter arrived too late for inclusion in this week's issue. We will print it in full next week provided that you give us assurance that it will be printed also in *Social Credit* next week. But it would be a much better plan if our recent suggestion were adopted, namely, that Messrs. Townend, Kenney, and Bell met and exchanged their views and experiences.

Forthcoming Meetings.

The Social Credit Party of Great Britain.
(THE GREEN SHIRTS.)

December 4, at 8 p.m. Lecture: John Hargrave: "What About Alberta? or 'You Can't Do That There 'Ere!'" National Headquarters: 44, Little Britain, E.C.1.

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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