THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS LITERATURE AND ART

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CONTENTS.

NOTES OF THE WEEK.

European Politics.

As announced in last week's issue, we went to press on December 20, the day on which the House of Commons was to debate the Hoare-Laval peace plan, and the day after Sir Samuel Hoare's resignation had been recorded in the news. Since then Mr. Anthony Eden has been appointed to the Foreign Secretaryship. What is more important is that his former office of Minister for the League of Nations has been abolished. The League, in one aspect, is a Combine of Foreign Offices; and for any member-nation to appoint two official spokesmen on matters of international politics is much the same as appointing two Foreign Secretaries. One is quite enough. There is no risk of a temporary "absence of liaison" between himself and himself such as Mr. Baldwin explained had occurred between Sir Samuel Hoare and the "Cabinet"—the "Cabinet," in this context presumably being the Ministers (and interests behind them) who regarded Mr. Anthony Eden as the senior Foreign Secretary.

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The Press comments on the rapidity of Mr. Anthony Eden's rise to his high office and makes comparisons with earlier phenomena of this sort in British history. But it is unprofitable gossip because the speed of any Statesman's promotion varies in significance with the circumstances in which it takes place. Going back no farther than, say, 1900, when the banks had just wrested the South African Gold Mines from the Boer Republics, the trend of international financial politics has been in the direction of contracting the scope of personal initiative attaching to Ministers of State, and particularly to Ministers for foreign affairs. For all one can tell, Mr. Anthony Eden might be another Disraeli in chrysalis—but can anyone imagine his ever emerging with Disraeli's wings? When the National Government was originally formed after the 1931 election *The Times* said that the responsibilities of Departmental office would fall with more weight on Under-Secretaries and other junior Ministers, the reason being that the senior Ministers would be expected to devote their first and most concentrated attention to the preservation of the financial stability of this country. In other words the balancing of the Budget was to take precedence over every other problem, even including that of balancing the power of Europe. Indeed the bankers' concept of the right function of a Foreign Secretary was (as it still is) that of helping the process of complete international disarmament in the interests of economy. Bearing this in mind, it will be seen that in Mr. Anthony Eden the bankers have now got the man they want in the key position which he now occupies. Mr. Eden is the repository of the doctrine that the foreign policy of every nation should be "based on the League of Nations." That being so, he will be equally *persona grata* in the board room of the Bank of England and the board room of the Bank for International Settlements. The same password will get him into either of these council chambers, and from the two in combination he will hear the same counsels in as many languages as he can understand.

* * *

As we write M. Laval has just been confirmed in office on the same ticket—back the League. Well, if both Britain and France mean to back the League, and mean the same thing when they say they mean to back it, no doubt Geneva can still speak with some show of authority to Rome. But the fighting for formulae which we have been witnessing is mere make-believe camouflaging the inevitable working out of hidden realistic calculations. It seems to have been forgotten that only a few months ago Mr. Anthony Eden himself precipitated a heated controversy by offering Italy a certain tract of British territory—an overture which though not comparable to the Hoare-Laval plan for giving her pieces of a partitioned Abyssinia, did nevertheless show that Britain was ready to do a deal on her own without waiting for the League when there seemed to be a possibility of bringing it off. This episode will be remembered by our readers for another reason, namely that it occasioned a question in the House as to whether the Cabinet's omission to consult the King before authorising the offer was constitutional. The official answer was that at one time this would not have been constitutional, but that time had wrought changes which had made it constitutional! They say that Time heals wounds: it seems that Time heals responsibilities also. You will notice that whenever a grateful public or Parliament has bouquets to present, poor old Father Time isn't allowed to come in front of the curtain; invariably a Big Noise in the flesh appears to beam his acceptance of the credit and condescendingly smell the flowers. But let it be rotten eggs to be thrown—and the only target presented to the audience is an abstraction. We are reminded of an episode which fits in appropriately. Many years ago a relative of the writer's gave a party for tiny tots. When one of them, a girl, was being dressed for the party at home, her mother dabbed her handkerchief with scent. Her little brother, who was also there being got ready, begged for some scent as well, which he got. At the party the little boy, sitting at table for tea, tapped the shoulder of a little girl next to him, and whispered confidentially to her: "If you smell anything, it's me." Here was an example of personal responsibility in its unequivoçal purity. You will look in vain for its like in our politicians. Their formula is: "If it's a perfume you smell, it's us: if it's a stink, it's you." Sir George Paish (among many other financial publicists) has often expressed a modified version of it when affirming that even a perfect monetary system would be broken down by the "human element." One has heard of people asking for bread and getting stones—and of people being recommended cake in like circumstances—and to-day it would seem that the same prescription for hunger is offered, except that the substitute recommended is a cake of soap to remove the body odour of impatient discontent and release the fragrance of material renunciation. "Anything you renounce we can give you," say the bankers; "it is your wanting things so much that puts our system out of gear."

* * *

Well, to revert to the main argument; we have two exhibits before us—the Eden offer, and the Hoare-Laval offer, to Italy. The first did not smell too good: the second appears to have smelt far worse. We say "appears," because there have been two kinds of noses applying the test, and sustaining mutually contradictory verdicts. The one kind—those of the internationalists, the blowing of which swept Sir Samuel Hoare out of office—we know all about. But the other kind—those of the nationalists—exist, and their verdict will have to be reckoned with. By nationalists we mean the technicians whose functions are concerned with foreign politics directly or indirectly. The leading article in *The Aeroplane* of December 25 consists of a forcible and uncompromising defence of Sir Samuel Hoare's policy. As is to be expected in an organ of aeronautical engineering whose readers are in close touch with the task of implementing policy, as against the politicians' task of formulating it, the writer of the article speaks the language of realism. The keynote of his argument, we should say, is struck by the following passage:—

"If the Government had backed Sir Samuel Hoare, and had said boldly that the best thing the League of Nations could do would be to divide up Abyssinia *in the way in which it will in the end be divided up, whether they like it or not*, they would have had a number of faddists against them, but they would have had the mass of the people with them. The spirit of the people of this country is just as Imperialist as ever it was." (Our italics.)

The italicised words in this passage epitomise a great deal of what we have written on this subject during the last several weeks. Whatever the outcome of the war Abyssinia will have fallen into the hands of the International Moneylenders. As was Egypt, so will she be required to fulfil conditions for safeguarding the interests of international bondholders. Those conditions will include the partitioning of her territory and the virtual extinction of her sovereignty. The only question open for speculation is whether, among the Powers which participate in drawing up the peace terms—which means sharing out the control of Abyssinia's natural resources and the direction of her economic development—Italy will receive more, or fewer, concessions than the Hoare-Laval plan contemplated. No doubt our faddists, who vomit at the smell of the word "annexation," will sniff with beatific "Bisto" fervour at the perfume of the word "mandate." And the institution of a Central Bank for Abyssinia (complete with stained glass windows) affiliated to the World Brotherhood of Central Banks at Basle would set the crown on their rapturous conviction that the forces of Good have prevailed over the forces of Evil.

* * *

We do not endorse all the implications of the whole passage quoted above. No Government, particularly our National, i.e. all-Party Government, is afraid of "faddists." Faddists are without influence, whether measured by numbers, by aptitude for practical affairs, or by command of financial capital. As for the source of the supreme power to shape events—the control of credit—even those in command of capital are denied access to it, and have to give hostages to the bankers for their command of it. It is true that faddists are able to talk loudly or persuasively, to arouse emotions, and sometimes to swing votes in Parliament on critical occasions. But in all cases such as the last-named, where the issues are grave, the triumphant faddism will prove on investigation to have been exploited faddism. Your faddist is just one syrup in the soda fountain of Finance and Big Business. You get a taste of his quality if they turn his tap on, and not else. For example, no faddist had his say in the House when the Dawes Pact and the Young Plan were imposed on Britain (and Europe), and the reason was that no Member at all had any say.

* * *

So the writer of the article must revise his diagnosis, and ask himself whether the faddists in this particular case were not voicing the policy of powerful interests, let us say the Bank of England and the City in general. Certain it is that if these interests had been definitely in favour of the Hoare-Laval plan nothing could have hindered its adoption. In fact, if these interests had considered its adoption urgent, it is highly probable that the House of Commons would not have been permitted to debate it. It will be realised by our readers that the centres of gravity of constitutional doctrines and laws have been shifting from the many National Capitals where they were once interpreted and administered in consonance with *national* tradition, custom, morals, and culture; and have been gravitating towards the two International Capitals—Geneva and Basle—where is being created one common Super-Constitutional code of law for the world, to be interpreted and administered on the basis of *de-nationalised* tradition, custom, morals, and culture. While it cannot be denied that differences of national tradition and outlook have at times contributed to international conflict, it can be most emphatically denied that the peace of the world, let alone the cultural values of the world, can be promoted and bequeathed by abolishing those differences.

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The immediate bearing of these reflections on the issue under discussion lies in the fact that this shifting of constitutional centres of gravity outside the nations is imperceptibly and logically opening the way for reactionary Governments to remit questions of international politics to the international centres, and ultimately to adopt the doctrine that no national Parliament should debate matters of an international character. We do not say that the time has arrived yet, but we do say that we are not far from a situation where a Prime Minister could get up in Parliament and say that such a compact as the Hoare-Laval plan was *sub judice* according to International Constitutional Law, and was not legally debatable outside Geneva.

Cancelling Dividends.

In previous articles (see THE NEW AGE of November 28, December 5, 12, and 26) we have directed our analysis to proving that the National Dividend will be needed by industry for discharging its legitimate costs. Reverting to our hypothetical illustration where the grocer represents retailers, and groceries consumable goods, where Smith represents consumers, Brown, producers employing their own money, and Jackson, producers employing money borrowed from the banks, we showed that if Smith received a Dividend of £5 on top of earnings £5, and spent £10 with the grocer, the whole sum would come into Brown's possession, and would all be needed by Brown to cover past or prospective disbursements legitimately accountable as costs. We showed that charges made by him with the object of converting into money securities representing plant and equipment constructed in the past by means of money which had gone out of existence would not be legitimate, and indeed were not made in current practice.

We will add an observation on the subject of what we call the "prospective" disbursements. These might comprise the following items in Brown's books:—

1. Reserve for renewals and replacements.
2. Reserve against obsolescence.
3. Reserve for depreciation.
4. General overheads representing what amounts to the attempt to recover in money the value of plant and equipment currently in use.

It will be seen that all four items mean much the same thing, and in the cases of enterprises which can exact their own prices from consumers (e.g., gas and electricity combines) overlap extensively and therefore have the effect of recovering money in excess even of "prospective" costs. This actually occurs in particular cases, but obviously cannot occur generally: the "financial stability" secured by favoured enterprises is at the cost of financial instability elsewhere. Revenue received in some quarters in discharge of costs illegitimately accounted is counter-weighted by deficits in respect of costs legitimately accounted in other quarters. One man's solvency is another man's bankruptcy.

Now, under a Social Credit system, and in the atmosphere of enlightenment which will accompany its inauguration, there will set in a slackening of the incentive within industry to enter up costs other than those representing actual money laid out—which are obviously legitimate—and those representing money which industry needs to collect and set aside for spending later in maintaining its plant and equipment.

At this point the student of Social Credit may properly intervene to point out that industry would not really need to "save up" out of revenue under a Social Credit system for "prospective" disbursements such as are enumerated in the above table. For since Social Credit works on the principle that new production (including repairs, renewals, replacements, extensions, etc., etc.), shall be financed by new credits (i.e., *not* out of savings) industrialists will find by experience that they have not got to accumulate for such purposes any revenue collected from consumers. This will eventually be the case; but we want to make a point immediately bearing on the supposed danger of a piling up of surplus uncancellable deposits during the initial operative stages of the Social Credit system.

The point is this, that if industry does initially charge and save money for prospective disbursement, and if it is certain that the saved money will actually be required, and will actually be spent, for the purposes for which it is earmarked in the accounts, then, however large the collective amount so set aside it cannot be superfluous and dangerous. True the banks can't compel its cancellation: but why should they? Indeed a Social Credit Government might even legislate to prevent cancellation: it might enact that industry should maintain all its "reserves" allocations—its savings up for deferred disbursements of the type examined—in the form of idle time-deposits until the occasions to spend them arrived. At any rate it would "inspire confidence" in all sections of the community except the bankers to see industry visibly in credit to the tune of a few thousand million pounds. We do not advance this as a serious proposal, but we invite reflection on the idea, because the effect of such legislation would be to put an end to the current practice of individual industrialists, which consists in collecting money from the public on account of prospective charges supposed to fall on their respective enterprises, but disbursing that money in buying the securities of other enterprises (or of the Government) and thereby contributing to the process of premature cancellation by the banks which is the cause of the present problem of money-shortage.

Then take what appears to be a legitimate cost, namely, the entering into current costs of a charge on account of the plant and equipment. Investors, who are to be considered as having bought and paid for them, do not get their money back as and when the plant, etc., is sold. Nor should they, provided that the proceeds are applied to maintaining the plant, i.e., to buying a new plant by instalments at the same rate as that at which the old one is being disposed of. As pointed out in a previous article, they have simply bought the right to a dividend (if any!) and only expect (or hope for) their money back if the enterprise is wound up. Even so, they do not always get all the dividend that they are entitled to and that could be paid them. The more prosperous an enterprise is the less proportion of its profits is paid to shareholders. They may get no more than one half (as in the case of some banks) and the rest is often retained as "carry-forward"—i.e., a reserve not earmarked against any definite prospective disbursement on account of the business, but held partly for reasons of sentiment and loyalty to the principles of sound finance, and partly for the concrete reason that the practice wins the bankers' approval and therefore increases the borrowing-powers of the enterprise. Even then, the money is not held as money, it is used in the purchase of securities. Sometimes the shareholder gets a look in, as when large profits are distributed as free bonus shares. But these are not money; and the holders, if they want money, must find it in the investment market, and take what their new shares will fetch.

To generalise from this analysis, under present conditions: Charges made in respect of prospective disbursements by individual enterprises are to a large extent used by them for investment in each other's enterprises (or in the enterprise of Government, which can tax all other enterprises) with the idea of insuring against the risk of a slump in their particular businesses. The proprietor of the swings puts his surplus money in the roundabouts under the vague impression that the whole circus can't hit a slump at the same time—that when patrons desert the swings they will be found on the roundabouts. Now, Social Credit will largely eliminate the risk for which these industrialists stupidly underwrite each other's liabilities—their stupidity residing in their present ignorance of the fact that the methods they are following to cover the risk help to make it an actuality, and incidentally destroy the hoped-for compensation. They do not know that the bankers intercept the premiums and transfer them from actual and visible circulation into their potential and secret reserves.

Enough has now been said, we hope, to establish the proposition that the Dividend, when collected in prices by industry, will, along with consumers' other income, be usable, and necessarily used, money for the current productive purposes of industry. Smith's Dividend of £5 may be traced back through the grocer to Brown, and perhaps through Brown to Jackson (supposing Jackson has lent £5 to Brown) and through Jackson to the bank. In theory the Dividend by itself can be considered (a) as if it had been paid to the grocer on condition that he made Smith a present of £5 worth of groceries; or (b) as if it had been paid to Brown on condition that he knocked it off his price to the grocer; or (c) to Jackson on condition that he let Brown off his debt; or (d) to Jackson's banker on condition that he let Jackson off repaying his overdraft.

"Ah," will interject the critic just here: "you give me my case; for the banker cancels the overdraft against £5 which he has not lent; and the £5 which he *has* lent will be floating around like a ghost who has lost his grave."

The answer consists partly in the statement that it does not follow that because Jackson does not repay, the £5 has not been retired. We affirm that it has been retired, and illegitimately (because prematurely) retired, out of the circulating credit to which thousands of "Jacksons" are daily contributing borrowed bank-money. As against Jackson's unrepaid overdraft some "Unknown Repayer" has reduced his overdraft sooner than he ought to have done. It must be borne in mind that Jackson's overdraft does not represent total overdrafts by industrialists, but only that proportion of the total whose retirement is premature; and thus renders the equivalent amount of goods unsaleable against consumer's earnings. These goods may be in the form of stagnant stock or in the form of unused plant—it comes to the same thing—and for convenience they may be considered as belonging to Jackson as an investor who has parted with his (token) £5 to acquire ownership. Under (d) the Government virtually buy Jackson's property and enable Jackson, Brown, and the grocer to forgo charging it up to consumers. (This exemplifies the principle of the Discount method of distribution, where the consumer does not get any Dividend).

It is agreed that this would leave a deposit of £5 in circulation against which there is no compensating bank loan outstanding, nor a bank purchase of securities. This would be a departure from custom, but at the same time it would be an approach to scientific accounting. The fact is that if the banker ran his system accurately he would not cancel the £5 when received from Jackson but would transfer it to a public trust account as communal deposits in suspense.

Well, when the Government created money and handed it to the banker, it would be doing what the banker should have done, creating deposits in suspense. These deposits are backed by Jackson's property: they exist in suspense while the property remains unsaleable, and become active when the property is saleable for consumption.

Social Credit Under Fire.

By John Grimm.

"The World Crisis and Social Credit." By Thomas Baloch, Honorary Lecturer, University College, University of London. Article in the "British Weekly," of December 12. Length two and a half columns.

"Social Credit Schemes. Examination of Their Fallacies and Illusions. Distribution and Finance." By a Special Correspondent. Article in the "Glasgow Herald," of December 23. Length, two and one-third columns.

* * *

"This idea of plenty . . . threatens to create the most disastrous illusion of our time. It appears to have arisen owing to distressing world conditions . . . coupled with the knowledge that in some instances purely local surpluses of commodities have been destroyed deliberately in an effort to maintain prices."

". . . inflation . . . tremendous inflation . . . We need only recall the millions of German marks that could be obtained for a British penny . . ."—("Glasgow Herald's" Correspondent.)

". . . the almost stupefying simplicity of his [Douglas's] view on the root of all evils and of his proposal to effect a certain cure."

". . . production is continuous . . . thus . . . incomes distributed at the different stages during the same period of time are perfectly sufficient to buy the final consumable product of that period.

"The discontinuity of production assumed by Major Douglas, which was so well criticised by Mr. Hawtrey (THE NEW AGE, April 4, 1933) is leading him astray also when . . ."

"The deficiency which may arise is not an automatic or inherent shortage of purchasing power. It is a deficiency which originates from deflation and hoarding."

"The importance of the Social Credit analysis, in spite of all its muddle, is to call attention to the vagaries of the monetary machine. It does not solve any problems; nay, it does not even ask the right questions. But it does arouse the interest of people who have never before been interested in these crucial questions. This is a very real service.

"It is now in the hands of the theoretical experts and practical politicians to guide this awakened interest into channels of more solid economical thought."—(Thomas Baloch in the "British Weekly.")

On Christmas Day, after satisfying (at the "just price") my material needs at the festive board of a family reunion, I was presented, among others, with the means of education and entertainment in the shape of a bon-bon (also at the "just price"). When I opened

it out there tumbled a little nodule of chemical substance which, when I was a boy, used to be known as a snake's egg. You used to be able to buy quantities of a dozen or two put up in little pill-boxes. Well, I put this one on my plate, lit a match, and ignited the substance. Then, as you all know, the little bit of fizzling composition, not much more than half the size of a pea, threw up a column of ash which mounted, turned, and twisted in a continuously lengthening rod until at last there was perhaps a foot or so of it measuring more across than the diameter of the original egg. To watch the process gave you the illusion that a boring had been made through the plate and that some force were propelling the ash up like oil out of a gusher, or like lava out of a volcano. There is no greater fun for us sophisticated folk than to watch a child watching this phenomenon for the first time. Such an earthquake out of a pill. "Where does it all come from, Uncle?" Or better: "How did they get the snake in the egg, Grandpa?"

Peace, But Not Plenty.

This experience of mine will serve as an apt commentary on the first quotation taken (above) from the *Glasgow Herald*. The author is anonymous. He may be Sir Josiah Stamp: if not, he certainly writes as if he had read Sir Josiah's Norman Lockyer Lecture discussed by John Hargrave in this journal on December 5. The idea that poverty exists in the midst of plenty is becoming an "*intellectual menace*," said Sir Josiah. It "*threatens to create the most disastrous illusion of our time*," says the *Glasgow Herald's* "Special Correspondent." Well, until it is proscribed as seditious we can continue disseminating the idea.

Readers will at once recognise what I'm after in telling the tale of my snake's egg. But let me call it an eel's egg: for eels are a popular consumable commodity. My egg represented a community's real credit, that is to say, a community's reserve capacity for production. It was, if you like, an eel-plant; and all I had to do to convert it into an eel of perhaps hundreds of times its volume was to light a match and start the works going. My match might be called "effective consumer demand," which, as we know, is all that you have to promote to bring about what one could call an eruption of commodities. My match, before ignition, represented *unsatisfied Need*. After ignition it represented *Need furnished with the money to satisfy itself*. Upon its application to the egg it represented *Need walking into the shop with the proud and confident air of Effective Demand*. And then, when I watched the miracle of the eel-hatching I had only to imagine that my match could eat eels to complete the picture of our economic system as it ought to work, and will work not long hence. For no-one will deny the simplicity with which the National Dividend can be provided—the same simplicity—"stupefying simplicity" (to quote one of the above critics) as striking a match. And, mind you, it is a safety match: it will only strike on the box of a scientifically constructed cost-accounting system. This reminder, by the way, will serve as a short answer to the *Glasgow Herald's* correspondent where he exhorts his readers to remember the fate of the German mark. The German marks were inflationary in their effect because they were conflagrationary in their nature: they burst into flame on rubbing any surface of the unregulated price system. Naturally, when the rule is that the price of anything is "all it will fetch," you are in a situation much the same as if it had cost me all the matches I had to light my egg. Anyhow, that is what happened in Germany; the mark-currency was burnt up in mark-prices. Incidentally the correspondent last mentioned may be informed that though a penny might have bought millions of German marks from international exchange-dealers, these marks wouldn't buy millions of marks-worth in German markets. On paper, it was possible to buy a piano from Germany for twopence: but in practice it was not, because the German manufacturer knew that his piano would fetch practically its full value in English money, and therefore demanded payment in English money. As a matter of fact the international exchange quotations were largely statistical fabrications designed to impress the public with the danger of political interference with the prerogatives and practices of the Money Monopoly.

To finish with my analogy I need only point out that all this talk about there being no visible plenty available to cure poverty is nearly as irrelevant as if someone had told me at my party that since he couldn't see any eels squirting out of plates it was no use my asking for matches. It would be precisely because there were no eels that I would want matches. Obviously when industry spends money to make things and finds it necessary to destroy them to keep up prices, it soon chooses the easier method of making fewer—which amounts to a costless way of getting rid of a potential surplus at its source. "No eggs, no eels" is talking sense. But: "No eels, no matches" when we are stifled under a mountain of eggs is talking something else.

Communication.

SIR JOSIAH STAMP ON "SUMMER TIME ENDS."

Sir,—I am, of course, delighted to know that Sir Josiah Stamp has derived pleasure and profit from my novel "Summer Time Ends," and I only wish one could leave it at that and say no more. But the subject is too important to be left in the field of bankers' propaganda masquerading as scientific investigation.

I can assure Sir Josiah that I cannot think of any object more worthy the attention of a Science Guild, and particularly "the engineering fraternity," than an attempt to measure the actual and potential productive capacity of modern industrialised communities—*on condition that the tables of measurement used are those proper to Physics, entirely disentangled, for the purpose of such measurement, from those used by Finance.*

In his Norman Lockyer Lecture Sir Josiah said at the outset that:—

"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.)

Let us see how Sir Josiah's threefold statement regarding "the alleged plenty" works out when we apply it to the example of the boot supply (which he quoted from Dr. Snow):—

1. A million extra pairs of boots do not "actually exist." (So there is not this "actual plenty" of boots.)

2. These extra pairs of boots are not "actually potential." (There is no actual possibility of making

them?—bearing in mind that the word *potential* means "a possibility." Yet Dr. Snow stated that "To produce an extra million pairs of boots now"—(note the "now")—"is a very easy matter.")

3. These extra pairs of boots are "only hypothetically or ultimately potential." (You may, if you choose, assume without proof (*hypothesis*) that these extra boots may be "a very easy matter" to produce; or, at some future time (*ultimately*) it will be possible to make "the alleged plenty" of boots.

We may accept statement (1) above, as being true, but, taking Dr. Snow on boot-production to be correct, can we possibly accept statements (2) and/or (3)?

Is not this an example of poverty amidst (actual) potential plenty? And if this is so, are we seriously asked to believe that the reason for this tragic absurdity is to be found in the absence of "inducements to wear out" boots? And if this is so, I wonder whether Sir Josiah Stamp is willing to explain what an "inducement" to wear out boots (actually) is or might be? I suggested organised hop-scotch for children, but I daresay going to and from, and waiting about outside, Labour Exchanges in order to "sign on" may be counted as some such "inducement" for adult civilians in peace-time. "Hiking," of course, must have helped a good deal.

Recalling my own experiences in fitting out men with boots at the Quartermaster's Stores during the war of 1914-18, it occurs to me that another large-scale war would provide almost the only really effective large-scale "inducement" to wear out boots that (under the present financial system) could stimulate the making of that extra million pairs, which is "now" such "a very easy matter."

Dr. Snow says that "the slow growth of population" limits "the expansion of demand," making no difference between "demand" and "effective demand." Unfortunately, the mere fact of being born into the world does not carry with it "a silver spoon in the mouth" of each newcomer. That is why the National Dividend is now an urgent necessity.

I can hardly expect that Sir Josiah Stamp will make a rejoinder to this, although I wish very much that he would. I have the sort of feeling, however, that he won't. When, some years ago, that very eminent physicist, Professor Frederick Soddy, stated that "you cannot have something for nothing" (when he should have said "you cannot have something *from* nothing") and I wrote in these columns drawing attention to the difference, there was no reply. Still, one hopes against hope that Sir Josiah Stamp will explain why the extra million pairs of boots, "now" so "very easy" to make, are not made, put on feet, and worn by a million people who now go badly shod.

Yours faithfully,

JOHN HARGRAVE.

Wayside, King's Langley, Hertfordshire.
December 23, 1935.

Notice.

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

Mr. Arthur Brenton,
20, Rectory Road,
Barnes, S.W.13.

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

Alberta Notes.

Since December 12 the following statements have been published: (a) that Mr. Herbert B. Brougham's visit to Calgary (described in THE NEW AGE of December 5) was made on his own initiative and without consulting Major Douglas: (b) that Mr. Aberhart contemplates visiting London in the early spring in order to reassure investors that Albertan securities are safe to hold: and (c) that Mr. Aberhart is having trouble with some of his supporters who are impatient about the promised Dividend. This last item is in a cable from Calgary dated December 23, published in the *Financial Times* of December 24. It is headed "Mr. Aberhart Asks For Time"—"Give Me Two Years." The text describes a meeting at which Mr. Aberhart addressed an audience of 1,300 followers, and reports him as saying: "You'll have to stop your unfounded grumbling." Also: "Give me a chance. If I find I can't do it I shall throw up my hands and quit. In six months you'll have recall legislation, and you can banish me to the tall timbers. This is only six months since I got in, and you're impatient. You can give me two years or put me out."

Recently a Press report said that Mr. Aberhart was attributing discontent in his own ranks to the work of bankers' agents. Antecedently this is quite possible. But it will be recalled that, according to other reports, Mr. Brougham's main object in visiting Calgary was to get Mr. Aberhart to consider a scheme for issuing a smaller Dividend than was named during the election, because by adopting it he would be able to issue the Dividend with much less delay. Apparently the scheme was not considered; and if so this fact might well explain the impatience which Mr. Aberhart now has to deal with.

According to the cablegram just quoted Mr. Aberhart is reported to have said that he could not put Social Credit into effect until he "*had got a good foundation to work on.*" The report does not make clear what was meant by Mr. Aberhart, but it is reasonable to suppose that he was referring to some sort of financial pact with Ottawa based on conditions laid down by Mr. Magor. If so the "foundation" promises to be most unsuitable for the Social Credit structure which it is presumably expected by Mr. Aberhart to support. To apply the analogy of the old proverb, he is virtually saying: "I can't give you new wine until I've got some old bottles to put it in." The real foundation for Social Credit lies in the policy, not of submitting to external checks on financial sovereignty, but of overcoming them. Mr. Aberhart may have been convinced by Mr. Magor that he has no power to overcome them, and that submission is the only practical course open to him. And this may well be true. But if so, at least let him not suggest that this submission is going to constitute a "foundation" for Social Credit. Much wiser if he frankly said: "I am unable to get the foundation I want." Mr. Magor's retrenchment proposals can indeed pave the way for "recovery," but it would be the usual debt-laden, tax-ridden recovery which is sooner or later celebrated by reconstructions and writings-down of capital. It won't do for Mr. Aberhart to boast: "I stoop—*therefore* I shall conquer." Can anyone suppose that the financial interests who have appointed and instructed Mr. Magor are consciously and willingly assisting Mr. Aberhart to lay his "foundation"? It is certain that they know what they're doing, and doing what they want. Do they want Social Credit—now,

next week, two years hence—or ever? The utmost Mr. Aberhart can hope is that they contemplate circumstances in which they will be compelled to allow Social Credit to come into force. But Mr. Aberhart shows no signs of the wit and will to engender such compulsion, even indirectly. He is not entirely powerless. He commands means of publicity (his wireless station) which are denied to us in this country, and it is not far-fetched to suppose that if he were to broadcast the inner story of his negotiations with Mr. Magor he would stimulate the Social Credit campaign throughout all the fronts of the Movement. Never was it more important for the Social Credit Press to be fed with facts—especially facts of the character here indicated—for every such fact, when authenticated, provides corroboration of the Social Credit analysis or justification of the Social Credit attitude of mind. Incidentally Mr. Aberhart might ask Mr. Magor to say whether his (Mr. Magor's) proposals are (or are intended to be) a "foundation" for Social Credit. But he won't. Mr. Aberhart appears to stand in the same relation to Mr. Magor as did the editor of the Melbourne *Age* to Sir Otto Niemeyer on the famous occasion of the overnight reversal of that newspaper's attitude to Sir Otto's intervention in Australia's domestic politics. At nightfall Sir Otto was a gatecrasher—in the morning he was receiving the guests!

Points from Inquiries.

Hereunder we print a selection from inquiries which have been reaching us in increasing numbers during the last two months. They indicate to some extent the magnitude of the service which we are being asked to render apart from the production of a weekly journal. Of course THE NEW AGE serves as a medium for answers which are likely to be of general interest, but this rules out many questions to which we would like to answer privately if calls on our time permitted. During the past year one or two of our readers have been corresponding with inquirers, and, from what we have seen of this correspondence, it has been most useful. We would like to see this work extended during the present year, and accordingly invite our readers to lend us a hand in tackling it. As a glance at the inquiries published will show, even the least instructed student of Social Credit will find himself able to deal with some of the points raised. It is not always necessary to compose an answer; frequently we are only asked by inquirers to refer them to publications (pamphlets or books) in which particular problems are elucidated. To-day the range of Social Credit publications is so extensive that we shall have to rely on other memories than our own in order to satisfy even this requirement. It is impossible for any single person even to read, let alone memorise, the contents of the large and rapidly increasing literature of the Movement.

So will readers start in at once on the material we now submit to them? We have numbered the inquiries to facilitate reference. We suggest that answers be sent to us for transmission in their original form, and that the envelopes be endorsed "Points From Inquiries." If points raised by different inquirers are dealt with, the answers should be on separate sheets of paper. We leave it to readers to indicate whether they want their names and addresses forwarded or not. If not, they can omit them from their answers, and advise us privately.

In issuing this appeal we call attention to what we consider to be clear indications in the Press that the bankers are preparing an educational campaign against Social Credit in which not only the technical intricacies of the subject will be exploited, but even the accepted axioms of Social Credit (i.e. those truths which we regard as self-evident) will be frontally challenged. Sir Josiah Stamp's attack on the idea that poverty exists in the midst of plenty is a case in point, and as will be seen in an article elsewhere, the attack has since been repeated in the *Glasgow Herald*. While we agree that it is not necessary for every citizen to become a technical expert on our subject, we do maintain that unless we infuse a considerable amount of educational stiffening into the mass of inquiring minds they will be stampeded by counter-propaganda into abandoning hope in the efficacy or feasibility of the "National Dividend." Remember that *Authority need not talk sense to swing public opinion*. We, who oppose Authority, are obliged to "give reasons for the faith that is in us" at every stage in the progress of our advocacy. We are battling for the trust of the inert and irresolute majority, and we can only win (or retain) that trust by training active and resolute members of the community to function as "cells" among them.

Selection of Inquiries.

1.

Could I trouble you with query . . . Hangs around the question of an alleged Douglasian fallacy, viz.: Argument is round the A + B, and is sustained by the notion that A *need* not = A + B, because total price is for *all* production, whereas total production is nine-tenths unconsumable and only one-tenth consumable.

Argument is that it would be fatal for total income to be able to buy total production, as all kinds of intermediary products, locomotives, raw cotton, unbleached wool, etc., could then be purchased and short-circuited from their proper functions, viz., remaining within industry and appearing later as consumable. Strachey is responsible for this inspiration, and it is causing no little pow-wow among the anti- and pro-Social Crediters.

D. J.

2.

What, if any, effect (according to Social Credit proposals as expounded by Major Douglas) would the payment of a *per capita* cash dividend have upon the calculation of the just price and retail discount.

In explanation would note as follows.

I have always understood it would have no effect, but a friend says no one can get the benefit of both because the cash dividend is so deducted in the computation of such splitting of the retail price as to, in effect, increase the just price and reduce the retail discount and thus ensure (through the operation of such splitting of the retail price) against a rise in prices by such total increase in the volume of money.

I claim the computation of the just price is in no way affected by such cash dividend. Am I right or wrong, and if I am wrong how is it affected?

I claim if I am wrong that still such dividend is irreconcilable with and subversive of such splitting of the retail price for the following reasons.

If such cash dividend reduces the just price it tends to induce producers to ignore that arrangement, and if carried far enough would actually and mathematically prevent any such splitting of the retail price. Also, as soon as such dividend is carried far enough to give any material relief it will tend to at least reduce and even prevent voluntary employment in many types or phases of necessary industry and thus raise prices and costs or even destroy some needful industries under private initiative.

Furthermore, such cash dividend will not properly care for the destitute or the unemployed who are willing to work and will create an inequality that will be unjust as between those who are fortunate enough to obtain employment and those who are unfortunate in that regard unless the cash dividend is raised so high as to wreck everything.

R. S. G.

3.

I am in need of something definite and accurate in regard to: What happens to *Debts* with the coming of S.C.? Apart from Chapter IX. in *Economic Democracy*, I cannot find anything suitable. Which book and/or pamphlet can I use for the purpose; or is there an article in your paper at some time? If so, please send me a copy.

E. L.

4.

"THE CANCELLATION CONTROVERSY."

Is it not true that:

1. The free discount/dividend credit would *not* be *cancelled* (in the sense of physically extinguished by the National Credit Office or any other agency) after liquidating the false costs in prices?

2. The credit would accumulate in the hands of industrial shareholders and would be regarded by them as their property?

3. The credit would be a return of the savings which shareholders have invested in industry and would rightfully belong to them?

4. The credit would almost certainly be used in entirety by shareholder/managers to finance new production?

5. Industry would thus become self-financing?

6. The banking system as at present constituted would be frozen out of existence?

7. The practice of lending money at interest—usury—would die out?

8. The practice of investment out of income would not, and need not, cease, but, on the contrary, would, and should, increase until it became universal throughout the community?

9. The second of the Social Credit proposals, namely, "That the credits required to finance production shall be supplied, not from savings, but shall be new credits relating to new production, etc.," is not strictly required and could, without detriment to the Social Credit system, be dispensed with?

10. The principle "The cost of production is consumption" is the "pivot" of the S.C. System, and is a "master-check" which would automatically keep the System correct?

11. The false costing system at present operated by industry would be gradually transformed into a true costing system?

12. The necessity for and consequent distribution of the free discount/dividend would ultimately disappear and cease?

13. A financial-costing system approximating to that which orthodox economists suppose to exist at the present time would ultimately evolve (self-liquidating)?

14. The use of money could be expected to ultimately die out?

15. A pure Communistic society could be expected to appear?

MARXISM AND SOCIAL CREDIT.

16. Has there been any comprehensive and detailed examination of Marxism from the S.C. angle in THE NEW AGE other than that which has appeared during the last four years?

17. What, if any, are the numbers of the issues of THE NEW AGE in which such examination has appeared?

Do you think that:

18. Marx's "Labour theory of value" might have been an attempt to state Major Douglas's "theory of cost"? (Real "value" of a commodity equals labour expended on it. Real "cost" of a commodity equals labour involved during its conversion from raw material stage.)

19. Marx's "theory of surplus value" might have been an attempt to state Major Douglas's analysis of the financial costing system? (Both thinkers aware of annexation and withholdment of "value/real wealth" by finance/industry.)

20. Is the possibility of the evolution of a scheme whereby the S.C. Movement can make its own money, and so directly challenge the bankers' being constantly and seriously borne in mind by veteran S.C. leaders?

J. J.

5.

Please forward the answer to me, put by a friend, studying Major Douglas's principles.

1. Basic fact in which the National Dividend is based.

2. What is the basic principle of the National Dividend?

My friend has studied Social Credit diligently for the last ten months. He makes graphs on every item, and proved them to his satisfaction, but the above facts he has not been able yet to solve.

J. L.

6.

A man under the present regime has been getting £1,000 a year, and has accustomed himself to a manner of life in harmony with his means. Under Social Credit, since new ventures are financed by National Credit, there is no scope for saving (?). Supposing a man and his wife retire, say, at sixty. Are they left simply to the level of the dividend for their maintenance for the rest of their lives?

And if in the first decade there is the entail of past habits of saving to be worked off, does it mean in our children's time folk of the artizan and middle-class will be levelled to the Dividend competence?

J. P.

The Social Credit Party of Scotland.

INAUGURAL MEETING.

Christian Institute, Bothwell Street, Monday, January 6, 8 p.m. Speaker: Hugo Rey, National Leader. Chairman: John Trayner, Director of Propaganda. Questions. Collection. All welcome. Communications to National Secretary, George Gilfillan, 42, Byron Street, Glasgow, W.1.

Forthcoming Meetings.

The Social Credit Party of Great Britain.

(THE GREEN SHIRTS.)

National Headquarters: 44, Little Britain, E.C.1. 8 p.m.

Wednesday, January 1.—Lecture: John Hargrave: "The Individual and the Group: The Psychology in which Social Credit has to make its way."

Wednesday, January 22.—Speakers' Class. Subject for discussion: Draft Parliamentary Bill to Equate Consumption to Production in Great Britain.

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.]

The Social Credit Movement.

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

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