

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Socialists and Alberta.

The following paragraph appeared in *The Times* for February 14:—

Mr. Aberhart, Premier of Alberta, announced in the Provincial Parliament on Wednesday that he had written to Major Douglas asking him to come to Edmonton on March 15 to devise a Social Credit plan for Alberta.

The following appeared in *The Socialist Standard* for February, 1936, under the heading "Notes by the Way":—

A Cry of Anguish from Alberta.

Mr. Aberhart, pupil of Major Douglas, won the election last year by promising £5 a month to everybody. He knew it could be done, and without costing anything to anybody, because Major Douglas had told him so. Now, after being in office for several months, he has put back the glad day of the share-out for two years, and he is urging Major Douglas to run over there to get the machine going. The master, however, appears to be showing a remarkable disinclination to go to the aid of his pupil, and this has drawn an anguished cry from the latter. The *Daily Express* Calgary correspondent reports as follows:—

To-day the Premier is carrying on a long-range dispute with Major Douglas in London. He admits it would be impossible for Major Douglas to draft any social credit legislation for the House at this late date, but threatens that he will not wait long for the father of social credit.—(*Daily Express*, January 13, 1936.)

A further statement by Mr. Aberhart, reported in the same issue of the *Daily Express*, shows that he is getting distinctly worried about the soundness of the whole proposition:—

I am determined that Major Douglas must come here after the session is over. If he does not I will undertake the job myself, but he is the man to do it. He started this social credit thing: I have taken my ideas from him.—(*Italics ours.*)

Yes, The Maggot Would Starve.

The Alberta situation prompts us to remind Douglasites of a stock question which has featured for years in their propaganda. The question is: "Would a maggot starve because the apple is too big?"

The answer is "yes," if the apple belonged to the

capitalist class and was being forcibly protected and controlled by a Douglasite Government, which said that the maggot must not eat for two years, so that interest to capitalist bondholders could be paid immediately.

In the same number of *The Socialist Standard* the first article is entitled "Progress of the Confidence Trick in Alberta" and consists of a survey of political developments in Alberta since it was created a province in 1905. The article covers nearly three pages. It is signed "Quo Vadis" and is put out as emanating from the Socialist Party of Canada, whose address is given as 144, Market Avenue E., Winnipeg. A good deal of the material in it was covered by the article in *Maclean's Magazine* of January 1, which we discussed in these "Notes" on January 23. But whereas in the latter journal H. Napier Moore traced the Social-Credit electoral triumph of last August to the inherited revolutionary spirit of the population, "Quo Vadis" is concerned to rebut a statement that the Alberta vote was a "protest against old-line parties." His theme is that political developments in the Province have been reactions to economic depression. It is summed up in a sentence which he uses as a headline: "The Farmers Seek a Saviour"—that is to say, their adoption of the Aberhart policy and programme was more a desperate clutching at a supposed means of escape from intolerable conditions than a considered attempt to apply understood principles to the situation. The farmers, he says, control the majority of seats in all elections—the industrial centres being few in number. Electors in these centres have mainly supported the major political parties with a "sprinkling of support" to the I.L.P. The working classes (with the unemployed) having "nothing to lose," thought that they "might as well support the 'something for nothing' policy of Mr. Aberhart." The "combination of the Gospel and Social Credit" allied with the "definite promise of a basic dividend of 25 dollars a month" was calculated to give Mr. Aberhart his sweeping majority—a majority which "amazed" even "Social Crediters themselves."

The rest of "Quo Vadis's" article consists of a recital

of Mr. Aberhart's present difficulties and embarrassments, written in a manner which invites the conclusion that Mr. Aberhart is either an honest muddler or a dishonest adventurer. Clearly the writer confesses himself, between the lines, to be one who hopes that there won't be any dividend. Of course it is to be expected that political medicine-men and their followers will gloat over each other's failures—in fact the whole history of alternations of Governments has been a history of party-caucuses *taking it in turns to fail*. As Mr. Hilaire Belloc pointed out in *The Party System*, the Conservative and Liberal parties were united at the top by an unwritten Front-Bench agreement under which it was understood that whichever was in power would so frame its policy as to create problems which the other made a speciality of solving. Under this buck-passing arrangement the Conservative and Liberal parties succeeded for generations in monopolising the two Front Benches. "You don't like the Conservative drought?" the wirepullers would say to the electorate; "then of course you will like the Liberal flood." They did not put it so frankly as that, but such was the essential significance of the Two-Party ramp.

However, the situation in Alberta does not answer to this picture except potentially. As "Quo Vadis" points out, Socialism was not challenging Social Credit for political power; it was not strong enough. So there is more than the usual significance in the spectacle of his gloating over Mr. Aberhart's difficulties. It cannot proceed from disappointed hopes of attaining office. Superficially one might ascribe it to the self-satisfaction of a doctrinaire whose forecasts looked like being proved correct. Perhaps that is the explanation so far as "Quo Vadis" is concerned. He may have been insisting at the time of the election that: "Social Credit is all bunk"; and if so he must naturally be pleased at any evidence (real or fancied) corroborative of his contention, though one may question his present insinuation that Mr. Aberhart knew—or knows—that his undertaking was "all bunk." But if we look behind "Quo Vadis," as a local upholder of Socialism, to the high financial influences which have the power to use Socialism for their own ends, we can see reasons why it would pay them to foster the attitude of mind which that writer reveals. Postulate that the Money Power wishes Mr. Aberhart to be stigmatised as a "Confidence Trickster," and one, moreover, whose victims are the despoiled and dispossessed classes of the community, it is obviously more effective for the attack to come from the traditional champions of these classes than from Conservative or Liberal spokesmen of the better-off classes. Not only is the Socialist accuser the appropriate person for the job, but will look to be the most disinterested for the very reason that Mr. Aberhart's victory was not a Socialist defeat—Socialism was not competing for office, and therefore Socialists have no discomfiture (material or moral) to resent. They can hold themselves out with plausibility (and in Alberta probably truly) as impartial specialists in the problems of poverty.

We cannot tell whether "Quo Vadis" intended to lay any stress on his allusion to the "present distribution of parliamentary seats." In its context it can be construed as meaning that the "City dwellers," among whom there are supporters of the I.L.P., are under-represented in the Legislature, and that, but for this, the

tide of the Social-Credit vote could have been stemmed. Well, the tide of the vote has not borne any dividend into the harbours of Albertan homesteads as yet; and if there is undue delay there might have to be another election. In fact, Mr. Aberhart might conceivably take the initiative and precipitate it himself. Who knows? So, assuming that Mr. Aberhart's strength lies in the country vote, there is every reason, from the bankers' point of view, for redistributing seats in favour of the towns before the next election comes. Readers of THE NEW AGE need no reminding that such a "reform" would be a repetition of the history of franchise ramps in England, whereby the voting-power of the country was submerged by the voting-power of the towns. There are, indeed, signs in the passages quoted at the beginning of these "Notes" that an attempt is being made to drive a wedge between the farmers of Alberta and the "city dwellers." And circumstances lend themselves to this, because new taxation is in prospect in Alberta, and, since the farmers have no spare taxable capacity, the taxes will have to be paid (if at all) by "city dwellers." This situation will afford a splendid opportunity for the bankers to exploit the slogan: "More taxation, more representation." Calgary might come to be pictured at the time of the Jameson Raid, when the Uitlanders were crying out (under orders from the Gold-mining Corporations who employed them) for the votes which President Kruger was denying them. A helpless little island of "city dwellers" surrounded by an ocean of farmers who let them employ sweated native labour on the other. True that Calgary, as a business centre, is hardly a gold mine; but the analogy holds, because a business centre is at the head of the queue for financial accommodation, and is therefore the best able to support new burdens of taxation—also, the best able to protest against them and put up a combined resistance to them. For this reason it is easy to see that if Mr. Aberhart tries to levy new taxes the bankers can mobilise all party organisations (including the Socialists) in business centres behind a united demand for a redistribution of seats as the *quid pro quo* for paying the taxes. "If we course it wouldn't be put in the blunt form: 'If we don't get the seats we don't pay.'" No; it would be put in the form: "Seeing that we are to pay don't you agree that our request for increased representation is logical and just?" But it would all come to the same thing, because if Premier Aberhart hardened his heart he would find himself in the same boat as President Kruger occupied in the moral sense, while, as concerned the practical problem of collecting the taxes, he would be confronted, not by a refusal to pay, but a demonstrable inability to do so. For taxable capacity depends upon the amount of money in circulation, and the amount in circulation depends, as Mr. McKenna has said, on the action of the banks in issuing and retiring loans or buying and selling securities. So, at any time, the bankers, without breaking any law, could reduce the collective taxable capacity of any business centre to any figure they chose (ultimately to zero). What could Mr. Aberhart do? He might make the gesture of distraining on debtors, but he would be ridiculed by the town dwellers without being able to rely on the active sympathy of the farmers. We have seen what tithepayers have been able to do in this country against the extraction of taxes approved by the Money

Power: how much more could not any body of taxpayers do to obstruct a levy which the Money Power wanted to see obstructed?

It will be seen that in addition to the attack on Mr. Aberhart and his policy delivered by "Quo Vadis" the writer of "Notes by the Way" in the same number of the *Socialist Standard* releases for general distribution the picture of Mr. Aberhart and his "Douglasite Government" protecting "capitalist bondholders" by deferring any payment of the promised dividend for "two years" (sic) in order to pay interest immediately on the bonds.

This has no point at all unless the writer is prepared to show that Mr. Aberhart has a free choice which he will do. He hasn't. And if he had, the experience of Mr. Lang's Government in New South Wales has demonstrated the futility of trying to build the foundation of internal prosperity on external default. The only chance of such a policy succeeding (and then only for a time) would be if the money withheld from bondholders were simultaneously distributed to the population, and were sufficient in quantity to make the size of the "dividend" perceptible. The recent maturing interest-payments which Mr. Aberhart had to meet amounted to 2½ million dollars, or less than 4 dollars per head of the population. The Socialist may retort that 4 dollars in the hand is worth 25 dollars per month in the bush. So it is, but Mr. Aberhart had not got the 4 dollars: he had to borrow them. Further, he did not handle them. The Ottawa Government and the Canadian banks saw to that: they paid the bondholders on Mr. Aberhart's behalf—a process which was facilitated by the fact that the banks and their associates constituted the aforesaid bondholders. Mr. Aberhart's only means of paying a dividend would have been by manufacturing his own money or something equivalent thereto. But since, disregarding legal snags in this device, the Socialists maintain that the creation of credit by any Government for gratuitous distribution is "all bunk" technically—which, let them note, commits them to the proposition that such action ought to be prohibited by Constitutional Law and that therefore the threatened new Loan-Council legislation is a good thing—their taunts against Mr. Aberhart convict them of insincerity. We can dismiss them with the counter-taunt: "What would Snowden do?" The reply that Snowden was a freak Socialist won't pass: for it is the freaks of all healthy and human movements who get on the bankers' panel of Ministers.

And now let us explore the situation further. Socialists are not alone in their criticism of Mr. Aberhart. Recently Conservative and Liberal leaders in the Albertan Legislature have been upset (or so they profess) by Major Douglas's article in his journal warning provincial Governments that if they take the Loan-Council proposals lying down they will never get up again. In other words they will lose the last vestiges of their sovereignty. Apparently they take the line that since he is a paid official he has no right to advise on policy except on request, and in confidence. Of course their real grievance might be against the warning being published at all in any quarter; but this is a difficult theory to entertain seeing that the Loan-Council legislation is explicitly designed to deprive provincial Governments of control of financial policy. More than that, if passed, it will virtually make even the submission of any such policy to the electorate *ultra vires*, and invalidate a majority

vote for it. At any rate a sufficient number of Mr. Aberhart's Ministers are alive to the danger to make the warning superfluous.

Then, to inspect the political pandemonium from another angle, a number of Mr. Aberhart's prominent supporters are resentful of an insinuation which they read into a passage in one of Major Douglas's articles, amounting to the suggestion that Mr. Aberhart had been got at or solicited (or something) by Mr. Montagu Norman during his visit to Canada last August. The passage in question certainly invited that construction, and, in its context, required it. A "disclaimer" was published in Douglas's journal over the signature of the Secretary of the Secretariat, but its terms do nothing to explain why the passage was published unless it was intended to be a warning that Mr. Montagu Norman had, or might have, succeeded in exercising undue influence over Mr. Aberhart, whether in person or through the usual agencies. What can be said—and it should be sufficient to smooth things down—is that no imputation was intended against Mr. Aberhart's character. Major Douglas has paid him high tributes in this respect (in inter-las and otherwise since the election in Alberta) and views and otherwise since the election in Alberta) and has consistently and carefully ascribed divergences between his own and Mr. Aberhart's methods of achieving the objects postulated in Social Credit to that gentleman's innot, perhaps, having fully grasped the nature and import of certain important technical principles emergent from the authentic Social-Credit analysis. (Vide, e.g., from the authentic Social-Credit to the Hon. Mr. Lymburn, Major Douglas's letter to the late Government, dated Attorney-General under the late Government, dated June 1, 1935, from the Macdonald Hotel, Edmonton, and recorded in the "First Interim Report" on the "Application of Social Credit Principles to the Province of Alberta.") Speaking for ourselves, we should never hesitate to shout: "Look out!" as loudly as possible if we suspected Mr. Montagu Norman to be hovering around in the vicinity of any Minister whose grasp of Social Credit we thought might not be complete. And we should expect that Minister to overlook our seeming disparagement of his intelligence or alertness for the sake of the high objective we held in common. *A Hair, they say, divides the False and True . . .* and there are so many false clues strewn near the surface of the credit problem that sometimes nothing but a rude shock will alter the focus of the searcher's fascinated eye. Intelligence is not enough; what is wanted is wisdom: and Wisdom, in any branch of research, is Intelligence working at the appropriate focal length.

To sum up the situation, the rock-bottom facts are (1) that it is impossible for Mr. Aberhart to produce results immediately by any form of procedure allowed by the present Constitution, (2) that it will be impossible for him to do so at all by any form of procedure to be allowed by the future Constitution if modified along the lines of the contemplated Loan-Council legislation. So the question whether his plan, put before the electorate, was sound or unsound technically is merely a matter of academic disputation. The bankers' battle-cry is: "No Tampering with Credit," and they are wise from their own standpoint. The easiest way to scotch a plan that would work is to scotch all plans under the cover of some high principle such as "protecting the stability of the State."

The Ottawa Citizen (February 5) points out that even the taking of a census of production—not to speak of investigations into the spread of costs—may become unconstitutional. Students of Social Credit will see why: for given that investigations were conducted by the right investigators the fact could be disclosed that the successive "profits" (so-called) added to costs of material during its progress from the primary producer to the final consumer did not, to a large extent, accrue as personal income to anybody—they were, rather, *surpluses* intercepted and cancelled by the banks before they could become *profits*. This would, for one thing, disclose the futility of the processing tax embodied in Mr. Aberhart's scheme. The bankers do not mind the exposure inasmuch as it would discredit Mr. Aberhart, but they do mind it inasmuch as it would throw a floodlight on their own activities.

The Ottawa Citizen also warns Canadian statesmen that centralised encroachments on the fiscal autonomy of federated Provinces or States tend to stir up agitations for secession. It alludes to the case of Western Australia and foreshadows a similar development in Canada. So it would seem that events are casting for Mr. Aberhart the rôle of "Defender of State Autonomy" instead of (or in advance of) the rôle assigned to him by the electorate, that of "Reformer of State Economy." If he assumes the new rôle he may at least count on the sympathetic support of the Ottawa Citizen, and thereby set out with a fair prospect of rallying behind him the best intelligences in other provinces. Whereas statesmen in those provinces might plausibly object that a prosperity plan for Alberta would turn out to be an adversity plan for their own peoples, they would find it a job to show that Alberta's resistance to the extinction of her sovereignty jeopardised their own. Happily, the latest news shows that Mr. Aberhart is still affirming his hostility to the Loan-Council legislation, some papers crediting him with the intention to test the validity of its administration in the Courts if occasion arises.

Near developments will turn on Mr. Aberhart's character. Is he single-minded, resolute, and courageous? According to the testimony of a visitor from Alberta with whom we talked last week, and who is a close associate of the Premier, the answer is an emphatic affirmative. More than that, this gentleman, who worked hard through the election campaign, speaking and organising over a wide area, states that the general level of knowledge among the electorate concerning the policy and methods of bankers in politics is much higher than is generally believed. He says that the idea that their vote reflected a surge of religious emotion evoked by hot-Gospellers is so much hot air. Alberta certainly went to Church, but Alberta went to School. So the electorate would seem to be well equipped to follow the next developments if they resolve themselves into a battle for Constitutional Rights against Bankers' Prerogatives.

"THE NEW ECONOMICS" CLOSES DOWN.

With profound regret we learn that *The New Economics* (Melbourne) published its last number on January 25. Its demise is a disgrace to the Australian Movement. It confirms our long-held suspicion that the Movement grew too fast to remain true to its principles.

MAJOR DOUGLAS'S ADDRESS.

The date of this address has been postponed until Saturday March 7. Particulars will be given next week.

The Passing of "The New Economics."

The decision of the editorial committee of *The New Economics* in Melbourne to cease publication after the issue of their January number will come as a shock to all faithful upholders of the Social Credit Order, and particularly to those of them who support THE NEW AGE. It had long been the habit of discerning readers of Social Credit journals to refer to *The New Economics* as "the 'New Age' of Australia." And with good reason, for there was a remarkably close similarity between the two journals as regards editorial policy and editorial writing. The policy consisted in an unswerving and resolute insistence on the primacy of the technical principles emergent from the original Social Credit Analysis and inherent in the original Social Credit Proposals. Those principles were the touchstone by which events inside the Order as well as outside were judged worthy of approval or disapproval. The judgments were *reasoned*; and they were *unequivocal*. Lastly, they were expressed in language comprehensible by the widest possible range of intelligences which were ready to read it attentively, so that even the wayfaring man should not err therein.

"It is not always necessary," said Emerson to some of his admirers on one occasion, "that you should write down to the level of your readers' comprehension: they appreciate having to make some mental effort to arrive at your meaning: but, when you so write, *make sure that you know, yourself, what you mean.*" Unquestionably the late editor of *The New Economics* manifested in a convincing form the quality of mind, and gift of conveying meaning, required for the fulfilment of Emerson's wise counsel.

There can be no greater service rendered to the Social Credit Order than for its spokesmen to be intelligible. The reason is wrapped up in Wilde's dictum: "To be intelligible is to be found out." That is to say, if you're wrong, your intelligibility convicts you of ignorance. But if you're right, it leads to the verification of your knowledge. A Japanese sage once said: "A man who pretends to know what he doesn't know remains ignorant all his days: but a man who confesses his ignorance but once ends it immediately and finally."

Being "found out" has another connotation than that of being proved mistaken on points of fact or unsound in methods of reasoning. It can mean that your intelligibility concerning what you mean enables people to decide whether your meaning is to their taste or not to their taste. Even back in Orage's days before the war it used to be remarked that THE NEW AGE had no lukewarm readers: its readers were composed of two classes only—those who loved it and those who hated it. The evoked violent agreement or violent disagreement. The subsequent adoption by THE NEW AGE of Social Credit was calculated to emphasise this characteristic, for reasons which are only too familiar to veteran expositors. "You tell me," said the editor of *The Freethinker*, Mr. Chapman Cohen, to a critic of his views, "that what I have said 'repels people'—my answer is that no advocacy can attract people without repelling people." Quite so. To be intelligible in advocacy was to be dynamic. And I, when I be lifted up, will draw all men unto me. The repulsions which were evoked by Christ's teaching and led to the Crucifixion evidenced and foreshadowed the universal Attraction which was to follow the Resurrection and Ascension.

What Melbourne said yesterday Australia will realise to-morrow. And it may be that the sound of the sudden silence of that ticking clock will startle the Movement into a sense of its responsibilities.

Easy Money.

Here is a scheme for making money easily. No longer shall Social Crediters bemoan their personal shortage of cash, or be unable to subscribe liberally to the funds. All the outlay involved will be covered by the cost of a pot of paste.

Look through your back numbers of THE NEW AGE and cut out any items in letters from correspondents criticising Douglas Social Credit. Paste these together on the following scheme:—

(1) References to periods of economic crisis which bring in their train proposals by Cranky Critics of the Currency System.

(2) References to Major C. H. Douglas's wonderfully accurate diagnosis of the economic situation.

(3) References to (a) Major Douglas's woeful ignorance of the mechanism of the present Banking System; (b) his inability to answer questions put by members of the Macmillan Committee; and (c) to the fact that the whole Social Credit case rests upon the A plus B formula, which is a pure fallacy.

(4) References pointing out that if consumable goods pass through three or four stages of production and the producers engaged in the intermediate stages of production will only save all the money they receive until the goods they are producing are ready for consumption they will have all the money required to buy such goods. (It is *not* necessary to point out that they cannot do so *and live*.) This should finally dispose of the A plus B formula. If it does not, add—

(5) References to other organisations engaged in production of intermediate commodities and capital goods which are distributing "A" payments which will help to buy the consumable goods. (It is *not* necessary to point out that the utilisation of such payments in this way will not leave in existence any money to buy the intermediate or capital goods themselves.)

(6) References to Alberta, throwing a little mud, but not giving any facts about the situation. Think out a striking title for your pamphlet, e.g., "Social Credit—an Economic Analysis"; "Social Credit Discredited."†

No initiative is needed. You need not even write up the paragraphs yourself. You can clip them from letters of critics, or from any of the anti-Social Credit literature recently produced. You will then have an excellent pamphlet of an anti-Social Credit nature, which apparently any publisher will publish, and the preparation of which is fast becoming a hobby. You may even discover that such pamphlets are being subsidised. Anyhow, the great thing is to get in quickly whilst the going is good, and make as much money as you can. Last, but not least, send 10 per cent. of your earnings to:—

NOTICE.

All communications requiring the Editor's attention should be addressed direct to him as follows:

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

* "Social Credit—an Economic Analysis." By John Strachey. (Victor Gollancz. 3d.)

† "Social Credit Discredited." By Maurice Dobb. (Martin Lawrence. 3d.)

Points From Inquiries—IV.

No. 8.—CAN BRITAIN GO SOCIAL CREDIT ALONE?

A correspondent asks for an answer to the following arguments against the statement that an individual country, e.g., Great Britain, could, if she wished, put S.C. principles into operation irrespective of the rest of the world.

"In the first place let us assume that S.C. has been in operation in this country sufficiently long to have caused an enormous increase in production. This would entail a corresponding increase in all imports of raw material. Assuming for the sake of example that this latter increase is to be furnished by two other countries A and B, it will mean that we are importing a correspondingly greater amount from A and B.

"In order to do this we have got to export a corresponding increase to A and B because in the end we know that goods and services can only be paid for by goods and services.

"Now, *ex hypothesi*, neither A nor B are yet enjoying the benefits of S.C.; therefore the purchasing power of their peoples has not been increased; therefore they are not in a position to pay for the extra imports from us.

"Secondly, if it is urged that in order to enable them to do so it may be necessary for us to export to them at specially reduced prices (which we could probably well afford to do owing to increased production), this obviously brings one straight up against the tariff question. If there is one thing that one is safe in predicting about the next ten years I should say that however much the general tendency may be to reduce tariffs, the one case where they will be used to the full will be to prevent any attempts at dumping.

"In view of the above arguments it seems to me utterly impracticable to attempt to apply S.C. principles except on a very general scale—if not world-wide, at least among a large number of countries simultaneously."

This question starts too far ahead. If Britain went Social Credit this would mean that Britain's Central and Joint Stock Banks would be furthering Social Credit policy. If so, all the similar banks in the Empire would be doing the same thing. For the moral ascendancy of financial policy is other Empire capitals in the realm of financial policy is proverbial, let alone the ties of race and language, not to speak of the far-flung loyalties to the King-Emperor which the Jubilee, and then the Death of George V. so strikingly evoked. The establishment of Social Credit amounts to the signing of a treaty of peace between Banks and Industry, and therefore, between Capital and Labour, and therefore, between Capital-Labour and Consumer. There would be established a National Morale in the country (or area) concerned which would do more to override external objections and defeat external obstacles than any moves on the technical chessboard.

However, on the narrow issue posed by this correspondent there are some points to be noted. His first paragraph obliges us to assume that the AB (i.e., foreign) banking authorities will be working against Britain. It also postulates that up to a point they will assist the exportation of raw materials to Britain, e.g., that they would discount bills drawn on British importers by AB exporters. The question arises: Why should they give Britain a start? Why not refuse assistance at the beginning? Secondly: What is to happen if AB bankers encourage exports up to the point alluded to, thus encouraging a commensurate development of AB industrial capacity, and then suddenly withdraw assistance?

Another point arises. It is true that "we know" that "in the end" goods and services can only be paid for by goods and services. In fact it was well known some generations ago. But Capitalism has found that the "end" can be postponed by the process of investing the proceeds of its overseas sales in the debtor countries; further, that this postponement, or going without payment, is something to be striven for. The ideal of Capitalism in any country is

to bring about the largest "favourable balance of trade" possible. So our correspondent must allow that this idea (or obsession) will rule the policy and plans of his hypothetical AB capitalists. Whatever the AB banks think about it, these capitalists will be all agog at the prospect of ever-increasing orders from Britain. Right. Well, if the AB banks were to step in and prohibit the execution of further orders, the internal consequences would be unpleasant, and could indeed be dangerous. There would be incipient war between Capital-Labour and the Banks. So it seems reasonable to assume that if the AB banks wanted to stop the British experiment they would get to work at once and not wait for the appetites of the AB exporters to be whetted.

Next, in paragraph 3 our correspondent truly says that the AB peoples will not be able to pay for extra imports from Britain. Quite so; and this is an aspect of the truth that they will not have money representing the value of the extra exports to Britain. Therefore the consequence of the AB bankers' prohibiting these exports would be to deny them any market at all—to render them unsaleable. Result, widespread bankruptcy and disemployment.

As to tariffs, what alleviation could they afford? They would simply enable AB industries to exact their own unit prices from AB consumers and thus to deliver the smallest possible proportion of output for the largest possible amount of money; but since the totality of money so recoverable is short of the value of the whole output, there will still be an unsaleable balance, followed by the same unpleasant consequences, added to which the situation will be aggravated by the grievances of fleeced consumers.

A general observation can now be made. It is that Britain would not adopt Social Credit without foreseeing the above eventualities and without taking steps to meet them. If Britain foresaw the feasibility of being endangered by an AB blockade, she would first apply Social Credit finance to enlarging her armaments rather than expanding the output of consumable commodities. We must presume Social Credit statesmen to have some common sense, and not to rush the people into high feeding with the prospect of hard fighting in front of them. And certainly no British citizen who understood (as he would) what dangers were afoot would hesitate to applaud and co-operate with the Government's policy.

[Previous inquiries in this series appeared on January 2 and 9. As announced on January 2, readers are invited to contribute answers themselves in addition to any we may publish. Each answer should be headed by the serial number attached to the inquiry to which it refers. The writer's name and address can be added or not at his or her option. Answers should be sent to THE NEW AGE for forwarding to inquirers. Several profitable contacts have been made already, two noteworthy ones being with inquirers in the United States who have written us letters expressing their appreciation of our "clearing-house" service, and acknowledging the help which the correspondence received has afforded them.—ED.]

Social Credit Party of Scotland.

PUBLIC MEETING

McLellan Galleries, Glasgow, Sunday, Feb. 23, 7 p.m. to 9 p.m. Guest Speaker: W. Townend, B.A. (Green Shirt Candidate in S. Leeds at recent General Election). Chairman: K. Michie, Director of Propaganda. Questions. Collection.

Government By Finance.

The Economist of February 8, 1936, contained a supplement entitled "Republic of Argentina. Special Review." The following is an excerpt from the section entitled "Argentina's Banks," and the reference is to the recently formed Central Bank of Argentina:—

"In addition to taking over the note circulation, the Central Bank now acts as Government financial agent and adviser, and it would appear that the ideals have been attained of a Central Bank divorced from any purely commercial banking operations and free from direct political influence."

LETTERS TO THE EDITOR.

THE BUXTON SPEECH AND THE ELECTORAL CAMPAIGN.

Sir,—I have been trying unsuccessfully to reconcile the conduct of the Electoral Campaign with the speech of Major Douglas at Buxton in June, 1934. Perhaps you or your readers can assist me?

Major Douglas said: "To carry out any big operations, such as the realisation of Social Credit, a mechanism is necessary, and our choice lies between using the existing mechanism or inventing a new one. I think it is true to say that for any practical policy at least the embryo of a suitable mechanism exists, even though it may be in a distorted form, and to suppose that you can invent an entirely new mechanism in the face of custom and habit and use it for introducing a new system of society is just plain, bald nonsense."

Is not the existing mechanism for constitutional political action The Party System?

When people are dissatisfied with the Government they can put into power another party with a policy that is more satisfactory. This party accepts office as the Government of the country, forms a Cabinet, and pushes through its own measures.

The Electoral Campaign does not contemplate the use of the Party System as it exists. Its tactics would cause, if successful, the breakdown of the Party System, because it proposes to bind candidates of the existing parties to act as instructed by a non-party body.

The Electoral Campaign, therefore, appears to be directly opposed to that part of the Buxton speech which is quoted above.

My reading of the Buxton speech as a whole is that it is necessary to form a new party with a definite limited objective unequivocally stated whose candidates will bind themselves to undertake that, if elected, the will of the people as expressed by the objective of their party shall be carried out immediately by technicians responsible to Parliament.—

PUZZLED.

Yours, etc.,

ERDINGTON ELECTION.

Sir,—The letter published in your issue of February 13 under the above heading was undoubtedly prompted by an unfortunate misunderstanding.

Mr. C. Russell implies that there was a lack of courtesy accorded to Mr. Townend at the recent conference of S.C. candidates in Leeds. There was admittedly a delay in the proceedings, but this was entirely due to the fact that the train from Birmingham was nearly an hour and a half late owing to weather conditions.

With regard to the Erdington Election I was extremely grateful for the co-operation and support of the local Green Shirts. All sections of the S.C. movement were then united in their efforts to achieve a successful issue.

It is regrettable that the unity of purpose which lies behind diversity of method should be impaired by matters of this kind.

H. C. BELL.

"MONEY IN INDUSTRY."

Sir,—May I use the columns of THE NEW AGE to thank all those who have shown appreciation of my book *Money In Industry*.

One has to be so careful of the charge of heresy nowadays, but, in view of Mr. A. W. Coleman's article, I will admit that *Money In Industry* was written to assist those who have found the A + B theorem inconclusive.

The principles outlined in *Money In Industry* depend upon the distinction between Capital and Income money and the fact that all industrial processes are not going on at the same time. The latter fact is, I think, sufficient to refute Professor Hayek and his followers, E. F. M. Durbin, etc.

The cancellation question, which has been occupying some space in the technical press, is also dealt with. It must be emphasised that "Social Credit" only proposes to issue new money when production exceeds consumption,

i.e., when industry is expanding. In this event, when the National Dividend is spent it becomes working capital and is used to finance the next cycle of increased industry: there is no need for cancellation.

If industry is not expanding, the issue of a National Dividend would result automatically in a negative price discount, or, in other words, a sales tax, whereby the surplus money could be recollected by the credit authorities.

M. W. GORDON-CUMMING.

THE CANDIDATES' CONFERENCE.

Sir,—I am writing in reply to the pathological outburst appearing in your issue of January 30, under the malicious heading, "Chaotic Cat's-Cradle," which purports to be a report and criticism of the meeting arranged between Mr. Kenney, Bradford, Mr. Bell, Birmingham, and Mr. Townend, Leeds, and their respective supporters at the Guildford Hotel, Leeds, on January 19; as I feel that it would be grossly unfair for such a garbled account of what actually took place to remain unchallenged.

It is quite obvious, from the tone of the article and the deliberate omissions of essentials and the distorting of facts contained therein, that the writer was either very badly misinformed or was violently prejudiced and has taken a sadistic delight in indulging this prejudice, in fact he is so bilious that one is compelled to surmise that he was writing with a large chunk of green in his eye.

The following is a correct account of the meeting in question, at which the writer himself was present.

The initiative in calling the meeting came from the Birmingham and Bradford groups, who had fought the last election on the same basis, viz., Electoral Campaign and National Dividends, acting, by the way, under the strict instructions of the secretariat.

There was, therefore, nothing secret, mysterious, or in any other way out of order in these two groups holding a preliminary discussion before admitting Mr. Townend and his followers, who had contested the election on a totally different angle and who were, therefore, quite unqualified to give any advice on tactics about which they knew nothing.

Their programme was fixed and definite, and it would have been a waste of their time discussing with them the opinions of individual members of the groups instead of being able to present them with the considered opinion of the two groups, which was the procedure adopted.

I fail to see that there is any apology due to Mr. Townend on this score.

This preliminary meeting was called for 2.15 p.m. and Mr. Townend was asked to be present at 3.15 p.m. The only reason he was kept waiting was that owing to heavy fog the Birmingham delegates were over an hour late. Perhaps your correspondent with his nauseating intellectual superiority could have arranged for the removal of the fog? we could not.

Mr. Townend was first asked to give his report on his election fight, which he did, quite clearly, the other candidates then followed equally clearly, to anyone with intelligence sufficient to understand the English language.

There was then some discussion on the value of the Pledge form for the purposes of an election and also suggestions made for the formation of an adequate organisation for contesting further elections.

The decisions reached after discussion were:—

1. The Electoral campaign as at present operated is not effective, but that amended it could be made so.
2. Mr. Townend's tactics of torches, drums, and uniforms were equally ineffective, although he decided to still go on using these methods.
3. That the support obtained by Messrs. Kenney and Bell from the secretariat was negligible during the last election and that owing to the heavy emphasis laid by the secretariat on the Electoral campaign, the hindrance to the spread of Social Credit was considerable.
4. That it was a desirable object to aim at getting Social Credit members into Parliament, and that being the case it was necessary to have some organisation capable of attaining that object.
5. That the Social Credit secretariat are definitely not doing this, and have no intention of doing it, and the (Green Shirt) Social Credit Party of Great Britain, while having this as their object are prepared only to support those who to quote a member of their own organisation "are prepared to walk unarmed up a street against a banker's machine-gun, at the bidding of Mr. John Hargrave," or presumably the bidding of any other leader they may see fit to elect.

Now, while everybody present at that meeting was a convinced and determined Social Creditor, such slavish loyalty to a man, cutting as it does through all the dictates of reason

and experience, as is demanded by the Green Shirt policy, was thought to be quite incompatible with the individual freedom and responsibility so loudly advocated by all Social Creditors, and had altogether too much of the Fascistic smell about it.

6. That therefore an organisation must be formed democratic in nature, not imposing an arbitrary will regarding policy on its various groups, but rather existing to coordinate and carry out the ideas and wishes, and to meet the individual needs of, the various groups associated.

7. That such a group already exists in the West Riding Douglas Social Credit Association and has been found to function in a satisfactory and efficient manner, and therefore the development of the scope and power of this group was the next logical procedure to be followed.

The question of policy in stating an exact amount for dividend was then discussed. During the election Mr. Townend had quoted Major Douglas' figure of £300 per annum per family of four, but, as this figure could not be substantiated, it had been subject to considerable ridicule in Leeds and Bradford, and had in fact done more harm than good.

On the other hand, both Mr. Kenney and Mr. Bell had stated, quite accurately, that it was quite impossible to state the amount of money available for dividend until the figure had been got out, and up to the present these figures never have been obtained.

Mr. Abrahams, of Birmingham, then reported that their group, in conjunction with Professors of Industry and Economics and qualified statisticians connected with the Society of Actuaries—the Professors were Cambridge and Birmingham, by the way—had been carrying out an exhaustive enquiry into this very matter, and had in fact examined EVERY Government return which was made, and they had been quite unable to obtain even an approximate figure of the total production of goods and services from the figures available at present; there was in fact a shortage of some 60 per cent. of the figures required in this connection, these being mostly concerned with the professions, transport, and public services.

Therefore it was agreed, and quite rightly, that Major Douglas's figure of £300 was an arbitrary guess.

I can state quite categorically that neither Mr. Abrahams nor anybody else present are vague monetary reformers, disagreeing with the A + B theorem and the price calculus; what Mr. Abrahams said was that one way of obtaining a figure for dividend and price rebate was to find out the EXISTING potentiality of industry to-day, represented by the idle machinery, men, and uncultivated land and goods at present being destroyed, these figures being available. The total value of these would supply us with a figure for dividend which would at any rate be legitimate and not open to ridicule during an election, but capable of being substantiated.

The Bradford speaker who questioned this had misunderstood Mr. Abrahams. Your correspondent is quite right in saying that the members of the Bradford and Birmingham groups object strongly to autocrats, green-shirted, dirty-shirted, or otherwise, and also that they have a deep-rooted objection to obeying orders which emanate blindly from central body or leader with no knowledge of local conditions or difficulties on the spot (shades of Passchendaele) or intelligent observers in all directions and therefore and who persist in leading in all directions and therefore in none (headless horseman), but perhaps your subscriber is an admirer of the Hitler-Mussolini type of leadership? Personally I am not.

The cheap and nasty sneers of your correspondent regarding "office seekers" are quite untrue and uncalled for, but to me this part of his article is where he appears to be most at home; he speaks with authority on the ways of office seekers; perhaps he has had personal experience or maybe he knows how to work an election so that a candidate with one vote can obtain office, or perhaps it is merely the vicious snarling of a leader with none to lead (the horseless headman this time), resenting the intelligence of men who are quite capable of formulating their own plans and attaining their object without prostrating themselves in mute and abject adoration at the feet of a megalomaniac wonder?

In any case, as a regular reader of THE NEW AGE, I am surprised at your publishing such a scurrilous piece of gutter journalism.

The chaotic drivel which comprises the latter part of your correspondent's article, and which I presume is based on the report of the meeting which he received, can only be due to the fact that his informant is an individual with a mind completely incapable of coherent thought and quite unable to deal adequately with the matters discussed.

In conclusion the article you published was a most excellent piece of propaganda for the Norman-Stamp-Gregory opposition, and I therefore trust that you will give this reply the same prominence that you allotted to the original article.

"VERITAS."

[Our defence against the charge of having printed this letter without excision is (1) that the writer is presumably a representative spokesman of opinion in Bradford, and (2) that, if so, the spirit, style, and content of the letter underline our long-standing contention that, for the Social Credit Movement, reliance on ballot-box pressure to secure results by driving a majority wedge between Parliament and the Banks is foredoomed to failure. To try to put ignorant majorities into Parliament is to confuse the meal with the leaven. One cell of ferment in any House of Commons is all that is needed, provided that it is the healthiest cell of the appropriate ferment.—ED.]

ANSWERS TO CORRESPONDENTS.

INFLATION.

F. R. (Kent).—We do not understand your argument against the statement that Social Credit will not cause inflation. We suspect that you are confusing *unit prices* with *collective Price*. For example, take a factory with an output-capacity of 1,000 units of product and an actual output of 500 units; and suppose that under Social Credit its output is raised to 1,000 units. Assuming that there is no change in the process of manufacture or quality of the product, the collective Price of the 1,000 units is bound to be higher than the previous Price of the 500 units, by reason of extra direct charges (materials, etc.). But the price *per unit* of product is bound to be lower than before by reason of the fact that the overhead charges on the doubled output are not increased.

You furnish corroboration of our suspicion by your statement that it is inexpedient for Social-Credit advocates to state that Social Credit will not "lead to a rise in the price level." For all price levels (as recorded in statistics) reflect *unit prices*. The official Cost-of-Living index-figure is arrived at by arbitrarily selecting a fixed quantity of goods and multiplying it by unit prices. The index-figure comes out higher or lower according to whether unit prices rise or fall. It does not reflect the collective Price of the whole quantity of goods put on (or held up behind) the market. In fact it tends to do the opposite—i.e. to fall when the collective quantity is abundant; and vice versa.

You appear to hold that the issuing of new money to arrive at a balance between money and goods is an act of inflation—a justifiable act which you term "reflation." But in holding this view you are implicitly affirming that unit prices will not rise: if they did your "balance" would not be achieved.

We fancy that the idea in your mind is something like this:—that a collective increase in consumer-income will make saleable a collective mass of goods which otherwise is unsaleable; that it will create a collective Price in the sense that this mass of goods will now "fetch money" instead of fetching no money. But if you apply the term "inflation" or "reflation" to this process you are virtually enlarging the import of these terms to the extent of saying that Price is *itself* Inflation. That is profoundly true—but confoundedly unimportant.

If we have misunderstood you write us again.—ED.

ALBERTA AS "GRANDMA."

C. R.—Your query about the intelligence of the electors in Alberta concerning finance is answered in our "Notes" this week. The visitor to whom we refer therein told us that when the Dean of Canterbury, on his recent American tour, spoke to Albertan audiences, there was a general criticism that his addresses, while "most acceptable," were "too elementary"! From which you should come to the conclusion that they know how to suck eggs in that province. To us, this information was more illuminating and encouraging than anything we had heard since the election. It largely discounts insinuations in the Press that the Alberta vote was brought about by evangelical spellbinding.—ED.

The Films.

"Hohe Schule." Directed by Erich Engel. Academy. Another Austrian variant of the theme of love between a young girl and a much older man, which was recently exploited in "Last Love"; but here the disparity in age is less pronounced, and a "happy ending" takes the place of renunciation. Admirably acted, directed, and edited, and of noteworthy for the playing of Angela Salloker, one of the few young screen actresses of real versatility. Dialogue good; story credible if melodramatic; and dramatic tension nicely balanced by humour. But the Austrian studios must contrive better lighting; the technical efficiency of current productions is markedly inferior to their artistic value.

Programme Changes.

The Empire is showing "I Live My Life," the new Joan Crawford picture, which also has Brian Aherne, Frank Morgan, and Aline MacMahon in the cast. "Shipmates for Ever," at the Regal, is based on the familiar Warner Brothers' formula—music, dancing, Ruby Keeler, Dick Powell, and the United States Navy in the role of hero.

Studio House.

Something new and unique in cinema theatres is represented by Studio House, Oxford Street, which will open on March 2, or, rather, reopen in new guise, since the shell of the structure is the well-known Cinema House. This has been transformed to hold two theatres—Studio One, which will specialise in the best Continental films; and Studio Two, where the programme will consist of the reels, "shorts," and the latest news presented by the "Scinetape" process. Studio One will be inaugurated with "Veille d'Armes," an adaptation of "The Night Watch," which has Annabella for its star.

DAVID OCKHAM.

Forthcoming Meetings.

The following public meetings will be held at the Blewcoat Room, Caxton Street, S.W.1.

Feb. 21, 7.45 p.m.—"Social Credit—a Living Force," by Mr. W. T. Symons.

Feb. 28, 7.45 p.m., "The Rise of the Gold Standard," by Mr. H. T. Mills.

For further information apply to Dr. J. C. B. Mitchell, Hon. Sec., London Social Credit Club, 2, Bromley Common, Kent.

West Riding.

Under the auspices of the West Riding of Yorkshire S.C. Association, Mr. John Hargrave will be speaking at public meetings as follows:—

February 17, Rotherham, 7.30 p.m., at the Crofts; February 18, Wakefield, 8 p.m., at Unity Hall; February 19, Dewsbury, 7.30, 27, Wellington-road; February 20, Bradford, 7.30 p.m., Mechanics' Institute; February 23, Liverpool, 8 p.m., Tatler Cinema (under the auspices of the Social Credit Forum, Liverpool).

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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