THE

NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

The "New Statesman" on the Social Credit Movement.

In the issue of the *New Statesman* for February 29 an article appears over the signature of Mr. J. A. Franklin who presents a survey of developments within the Social Credit Movement since the launching of the Secretariat. As mentioned in an article elsewhere in this number, dealing with a letter from Mr. Franklin on some technical problems in Social Credit, he is well known to many members of the Movement including officials of the Secretariat, particularly those in the Hampshire area where he resides. He is a man of strong Socialist sympathies who has consistently contended for years that the case for the inherent shortage of purchasing power, as presented by Social Credit exponents including Douglas himself, has not been proven. He won't have "A + B" at any price, and he won't let it alone at any price, nor any upholder of it whom he can get in a corner for an argument. On the positive side he appears to hold that whatever financial measures may be necessary to correct economic anomalies will be adopted by the Socialist Party in conjunction with other reforms. Needless to say he is well posted with information as to trends of thought inside both the Socialist and the Social Credit movements. His article should be studied by all members of the Social Credit Movement who believe that the achievement of our common objective depends upon organised political agitation. The reason is not so much that he adds anything new to what has been taken into account by Social Credit organisers, but rather that his criticisms and conclusions, being allowed space in the *New Statesman* to the extent of over a page, may be taken as foreshadowing the Socialist plan of counter-attack against Social-Credit campaigns to capture the imagination and support of the public.

* * *

His attack naturally centres on the Secretariat as claiming to lay down the principles and rules of the Movement's strategy and activity in the electoral field. It may be summed up in a sentence which occurs towards the end of his article: "In short the Electoral Campaign has in view the achievement of Social Credit while pretending to ignore it." His comment thereon is: "Such efforts to trick the electorate will not succeed." Whether this judgment and the prophecy emergent from it are well-founded or not is a matter on which Social-Credit political-actionists can form their own opinions by reference to the citations and comments which make up Mr. Franklin's survey of their problems and differences. That is why we recommend them to consult the whole article instead of depending on any synopsis of it.

* * *

For ourselves, we may remind our readers that the basic policy of THE NEW AGE does not oblige us to take part in the controversy. Whenever we have done so—and may do in the future—it has been, and must be regarded as being, a spare-time contribution to a debate on an issue which does not really matter. The question of how to organise and direct the activities of declared adherents to Social Credit is not fundamentally important. Whatever way it were settled the outcome would be irrelevant to the policy which we laid down for ourselves in 1921 (*Public Welfare*) and have since followed through *Credit Power* and THE NEW AGE, i.e., to insist on the technical soundness of the Social Credit Analysis, and to persist in showing by reference to contemporary events that the creeping paralysis in the world's economic system was the automatic resultant of the creeping error in the Price System. "Deny," we have been saying all this time, "the fact of the inherent shortage of purchasing power in the existing financial system, then the phenomena of contemporary history become inexplicable and the problems they disclose insoluble."

* * *

This challenge served two purposes; that of inspiring confidence within the Movement, and impairing it without. Each of these consequences has played its part in bringing about the startling advance of the Social Credit theorem into the centre of high politics. Because of this our attitude on problems of action within the Movement takes account of two factors—forces proceeding from declared and visible supporters, and forces proceeding from undeclared and invisible supporters. Taking as our analogy the Trojan wars, we are not concerned overmuch with what the Greeks plan to do to the Trojans or the Trojans to the Greeks on the battlefields of Electoral Politics, because the Gods in the Olympus of Real Politics can further or frustrate them according to their secret divided policies of patronage. Our policy is based on the belief that the challenge of THE NEW AGE has won some patron Gods to the side of the Movement, and that our persistence in delivering the same challenge in the same form will win over more. If our belief is well founded—and we are convinced that it is—there is no question that we are bound to oppose any plans of political action which threaten to interrupt or end our function. Much more so if the promoters of such plans openly declare that the challenge of THE NEW AGE has outgrown its usefulness, and that THE NEW AGE itself is superfluous. Otherwise our attitude to plans in general is one of benevolent neutrality, tempered by a particular partiality for such plans as take into account the value of diversified initiative. Obviously if a promoter of a plan comes to us and says: "Look here, the continuance of THE NEW AGE *conducted on its traditional lines* will further my plan" we are going to receive him sympathetically because we can count on his moral support. Again, if he goes on to say: "I don't believe in your idea of help coming from above, and in fact base my plan on the assumption that your 'patron Gods' don't exist or, if they do, won't intervene to help us, at least until we help ourselves," we have nothing to object to. On the contrary, if his plan holds promise of creating situations favourable for helpful intervention from above it would, from our point of view, be an adjunct to our policy—it would help to strengthen the cogency of our challenge to Olympus. Indeed we continue with our policy to-day on exactly the same lines and with the same emphasis as we did back at the time when we, too, did not believe in "help from above." Now that we do hold this belief we are certainly not going to relax our efforts, saying to ourselves: "We've won a few patron Gods: now we can leave them to nudge the rest." No fear; we don't believe in nudging by proxy: we do it ourselves, even to the point of jostling. It helps the efforts of our unseen auxiliaries.

* * *

We peeped in at the Albert Hall the other day to see how Mendelssohn's "Elijah" was wearing and how it looked in the uniform of pageantry. Not a bad show. But drums flattened out the structure of the overture. However, noise has an impressiveness of its own, especially to children—of whom there were a large number present. A great thrill they got when a real flaming ball of fire flashed down from the roof and lit Elijah's sacrifice. The arena was filled with Israelites garbed in all the colours of Joseph's coat, who surrounded the competing sacrifice offered by the priests of Baal. (In these days the spelling is Basle.) Perched up on a platform was Elijah warming his hands at the fire, and jeering at the priests shivering round their cold sacrifice who called on Baal to show the God of Israel what's what. "Ha, ha," Elijah kept on shouting to them: "Call him louder—he may be asleep—or perhaps he's looking for the matches." You know the rest. The bunk was knocked out of Baal, and the blood let out of the priests (although we had to pretend the latter ceremony at the show because of the youngsters present).

* * *

This brings us to the reason for alluding to the spectacle. The Israelites needed a sign that Baal was a false god. They got it in the form of fire which signified, for them, a supernatural attestation of the truth of Elijah's prophesying. Now we to-day—and by "we" is meant upholders of Social Credit in general, but particularly what may be called the shock-prophets of the Movement whose credentials are shown in their loyalty to THE NEW AGE and exponential contributions to its columns during the recent period of internal tensions—have been working in the same difficult situation as is pictured in the story of Elijah. We have prophesied against the priests of Basle and we have jeered at their sacrifice. We have not been able to expect any shock-attestation of the sort that answered Elijah's supplication, but we have been able to forewarn the officiating priesthood of central bankers that the fire of prosperity will never descend on the sacrifice they have been piling up. The higher they pile up the brushwood of Plans, Pacts, Conventions, Covenants, and the like on their altar of orthodox financial axioms the less likely it looks to catch fire. They may, as they do, drench with the cold water of their contempt the wood which we are endeavouring to pile on our own altar of principle, but it will serve them nothing. It is not necessary that ours shall light in order to prove that theirs cannot light. And since theirs lights not, and looks less and less like doing so, there remains no alternative sacrifice to ours which the priests can build, nor alternative ritual which they can perform. We have lived to see them load the pile with every stick of rule and device permitted by their false code of philosophy, so that nothing now remains for them but to "cut themselves with knives and lancets after their manner" in invocation of the fire of attestation from the unfathomable furnace of the Great Altogether. Such ritual we see before our eyes to-day in War, actual and impending. There are discerning minds who realise its significance besides our own. To them, as to us, our sacrifice is already alight in the prophetic sense. The fire is already descending. We are the *sole* prophets of Hope; and we are being turned to as the *true* prophets of Hope, because we have accurately foretold, and intelligibly explained the cause of, the world's present condition of Despair. We have arrived at the last act of the drama of *The Ring*—the eclipse of the Gods and the destruction of their abode. Weak and helpless as the Rhine Daughters, THE NEW AGE and its associates are on the point of seeing the Curse of the Gold work out, or be averted by the last minute repentance of the ruthless robbers in Valhalla.

* * *

"Statesmanship is not a healthy job in Japan," said a newspaper last week, commenting on the fates of Mr. Takahashi, ex-President of the Bank of Japan, and other notabilities. It is not going to be a healthy job anywhere very soon. British commentators are unwise to comfort themselves that this outbreak was entirely due to special conditions in Japan. One commentator says that these things can only happen in the East, where the people are capable of self-sacrifice to an inordinate degree, and alludes as proof to the tag "East is East and West is West, and never the twain shall meet," which reminds us of the man who, in an argument, advanced a "convincing" proof of Survival consisting of the line from *Tom Bowling*: "His soul has gone aloft"!

The Sanctity of Sanctions.

A week or so ago the newspapers announced that "our" experts (meaning British experts assisting the League of Nations) had just discovered that oil sanctions could not be applied effectively to Italy without the co-operation of the United States. Many months ago "our" experts had discovered that no code of sanctions could be effective unless it included oil sanctions. Longer ago still, "our" experts had discovered that the only way to arrest an act of aggression was to apply sanctions effectively to the aggressor. The upshot of these three discoveries is therefore that no acts of aggression can be arrested without the co-operation of the United States. Add to this the most recent discovery that the United States are not going to co-operate, and you are brought up sharp against the conclusion that no means of arresting Italy's act of aggression exist except recourse to war.

* * *

The point of this survey of expert research is as follows. Was it necessary that there should have been such long intervals of time between the successive discoveries? Indeed, were not the facts successively discovered in this leisurely manner readily ascertainable right back at the commencement of the Italo-Abyssinian war? A moment's reflection compels an affirmative answer. That being so, the emergent question is whether the delay involved in unfolding piecemeal to the public this truth, completely known beforehand, was a matter of carelessness or calculation. Was it the work of fools or of knaves? Again, little reflection is needed to decide the question on the side of the knaves. A last question now survives, and is this: What was their game?

* * *

The most profitable way to approach an answer is to ask what has been the natural consequence of the delay. Undoubtedly every day's delay in applying sanctions effectively against Italy has amounted to applying sanctions effectively against Abyssinia. Time is the essence of the League's contract to protect victims of aggression. The League cannot do what a Court of Law can, namely, issue an injunction restraining parties to a dispute from taking independent measures for settling it (with the consequence usually of aggravating it). No, the invader does not wait, and the invaded cannot wait, for the League to deliberate on its reserved judgment. In fact, precisely because promptitude is essential to the League's power of restraining aggression, the aggressor hurries on to create a situation which will make the League's judgment, when arrived at, irrelevant in character and ineffective in operation. In the famous case of Jarndyce v. Jarndyce it will be remembered that the Court's final judgment was automatically settled by the removal of the occasion for continued litigation, namely, by the disappearance of the bequeathed estate in law-costs. The poor little disputant legatees, who were "expecting a judgment shortly" got their judgment all right, but tripped up over the "shortly." And so with the dispute over the Abyssinian estate. By the time judgment is pronounced the State will be so saddled with debts to International Finance that neither litigant will be interested in the judgment, except, indeed, insofar as the judgment affects the apportionment of costs as between victor and vanquished!

If any one cares to entertain the hypothesis that the Basle Bank runs an international diplomatic corps and intelligence service of its own, there is no evidence incompatible with that hypothesis. How are we to know, for instance, whether the State document reported to have been stolen from the Foreign Office and communicated to some Italian newspaper was not supplied to the Bank of Italy by the Bank of England with the knowledge and consent of the British Cabinet? The British Press, while unanimously kicking up a rumpus about the "leakage," proceeded with equal unanimity to boast that the publication of the document had done Britain a good turn. Well, if so, the "thief" might have had good intentions towards Britain, and in any case could have been carrying out orders. Moreover, consider what the text of the document proved: namely, that Britain had no interest to serve by saving Abyssinia from conquest by Italy. Quite so. Then Britain had no interest to serve by hurrying ahead with oil sanctions. Yet Britain appoints Mr. Eden to hustle the League of Nations into hurrying ahead with them. So Britain's hidden policy is: "Stop," and her public policy: "Go." Combine the two and the automatically emergent slogan is: "Wait a bit." Wait for what? We suggest—the *fait accompli* of a decisive Italian victory. Rumours of it abound at this moment of writing. Is it not reasonable to hold that the event (if confirmed) was foreknown to Basle through its intelligence service? If so, was not the time just right for procuring the "leakage" of evidence that Britain had been benevolently neutral to Italy all along? Again; would the Italian newspaper have dared to publish the document without an official assurance from the Duce (or the Governor of the Bank of Italy) that everything was "O. K."?

* * *

Further, there were recently sensational stories about a private ultimatum from Mussolini threatening to bomb London without notice if the "oil sanctions" were proceeded with. We suggest that if such an ultimatum was received it was a bankers' frame-up: that it was intended to be disclosed in very great confidence (!) to a select number of members of our fighting services on the deliberate calculation that the story would travel outside by Underground. The object of such a trick would of course be to stimulate the anti-sanctions Press in this country to renew their agitation for delay (until Italy had won) while permitting the pro-sanctions Press to gull the public that "Eden means business."

* * *

The storm over the Hoare-Laval Plan could also have been raised by similar methods. A bankers' kite, not flown, however, to find out what public opinion was, but to set the public wondering what their opinion was. Anyhow, to cut the whole story short, Italy will conquer Abyssinia and Basle will swallow both. The Peace Treaty will be settled by International Financial Mortgagees of the disputed property.

Notice.

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Some Investment Difficulties.

The orthodox contention that no deficiency of purchasing-power is occasioned by the investment of savings in new capital production received further endorsement in "Machines and Purchasing Power," by E. F. Nash.* Though the argument here is a somewhat lengthy elaboration of that used in the Labour Party's recent pamphlet, it is none the less worth the Social Crediter's notice.

In an article published in this journal on October 24, 1935, this subject was dealt with by the aid of a diagram—now reproduced—illustrating the payments made in respect of capital assets by a firm spending £10,000 of shareholders' invested capital on additional plant estimated to last ten years.

It may be recalled that the full lines in the diagram represent payments from producers to consumers, or vice-versa, according to the direction of the arrows on them. The vertical distance between the two horizontal dotted lines represents £10,000, while the dotted ordinates are placed at ten-yearly intervals along the time base.

Then AB represents a distribution of £10,000 to consumers during the construction of the plant. BC represents the payment of this sum to producers by investors, when they subscribe for share capital. DE represents the payment of £10,000, by consumers, in depreciation charges during the first ten years. EF represents the distribution of this sum to consumers during the first renewal of the plant. And so on for subsequent renewals.

Now, translating the orthodox contention into terms of the diagram, we may imagine the critic saying: "Your two payments, AB and BC, cancel out. They are equal in amount,† and they are often both paid in instalments which roughly synchronise. So you can erase them from the diagram. Your diagram then commences at the point D. From D onward you have a regularly alternating and balanced series of payments."

payments of another business, which requires these payments to make good its own shortages, the shortage is not thereby corrected—it is only transferred. One cannot make good a shortage of income, so far as industry as a whole is concerned, by merely transferring that shortage within the industrial organisation. To regard such diagrams as simply a summation of balanced payments is a hopeless static view of a dynamic problem. The time-factor in these payments is all important.

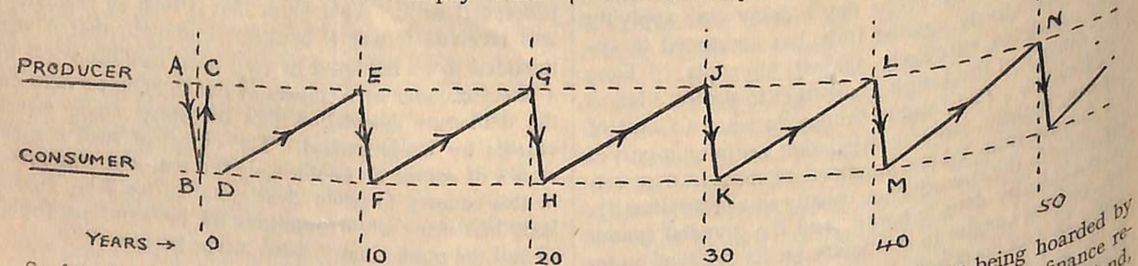
However, as we know, these shortages have been made good—more or less—and industry has kept going—after a fashion.

To see how this has been done, take a corresponding diagram for a business which is not financed from genuine savings, but is financed from funded debt created by the credit-monopolists, directly or indirectly.

In this case, no payment BC is made. AB stands as before, and point B and D may be considered to coincide at B. We then get a regularly alternating and balanced series of payments commencing at A. Here, it must be noted that BE, FG, etc., represent more than depreciation charges only; charges for the service of the debt (interest and sinking fund) must also be included. But that does not alter the general disposition of the "curve."

The outstanding fact in this diagram is that, starting at A, instead of commencing with an abstraction of income from consumers, it commences with *a supply of income to them*. Further, the supply is compressed into a short period of time, while the subsequent abstraction is spread over a relatively long period. So it is not difficult to see that if a considerable number of new enterprises are started under these financial conditions, a large amount of shortage arising from existing concerns can be made good—and, perhaps, more than made good. That explains very briefly how booms are generated. It also explains how funded debt is swollen.

A further objection to the diagram may be noted. Some critics say: "This diagram merely shows the de-



So far, the Social Crediter would agree. The critic would then proceed: "So if you take a large number of such diagrams, each commencing a little later than the one before, and superimpose them, the saw-edged 'curve' will flatten out to an almost straight line; and you will be left with a picture of industry proceeding on an even keel."

Here the Social Crediter would disagree.

Starting at D, the outstanding fact shown is that *every diagram commences with an abstraction of income from consumers*. Every business financed by savings starts in the same way—by creating a shortage of income. Every business, taken separately, requires its own distribution payments (EF, etc.) to make good its own shortages (DE, etc.). If any such shortage be made good, as it occurs, by borrowing from the distribution

preciation payments to the producer being hoarded by him until such time as they are required to finance replacements. But the producer does not hoard this fund, or even leave it on deposit at his bank; he usually invests it. And investment means that the money is spent productively, and appears as incomes to consumers in the process."

True; but if the money invested is to be spent productively and distributed as incomes, it must be invested in *new* undertakings. Buying existing securities merely frees a block of financial capital in the hands of the vendor.

If, however, the fund is invested in this way it forms a portion of a BC payment in a new diagram for a new business, and so provides the occasion for a new shortage of income, as previously explained in this and the earlier article. It would appear, therefore, that the investment of this fund, so far from correcting existing shortages of income, only aggravates the trouble.

A. W. COLEMAN.

* Routledge, 6s. net.
† This is only allowed for the sake of argument.

Primary Capital and Ultimate Price.

We publish the following letter from Mr. J. A. Franklin. We do so because (1) he has been a painstaking student of the A + B Analysis and a dogged critic of it for many years, (2) he has supported THE NEW AGE during all that time, (3) he has made few demands on our space, and (4) he is able to express his views clearly. We mention this chiefly for the reason that we do not want our publication of his criticism on this occasion to be interpreted as an invitation to an all-in debate open to every yes-but johnny-come-lately who may be stirred into the mood of ejaculating his cross-planed notions in disjointed dialectics in these columns.

Sir,—In your issue of February 27, on page 133, you say that "granting that it is investors who initially buy the new plant, it is consumers who pay for the renewing of the plant (in the form of maintenance charges)", and that "under the present system investors do not expect their capital back."

In the course of a series of articles recently in THE NEW AGE, since reprinted, Mr. A. W. Joseph said that when a manufacturer "has built an extension to his factory he will endeavour to collect the cost of the extension in the price of the goods made by the factory. This is irrespective of depreciation, which may be immediately distributed as payment for renewals"

In short, Mr. Joseph would not argue that depreciation or maintenance charges, in themselves, cause any deficiency, agreeing that such charges are equated by payments to consumers for making the replacements. Mr. Gordon-Cumming, however, as is demonstrated by his recent book, "Money in Industry," believes that deficiency is caused both on account of depreciation charges and also because he thinks, with Mr. Joseph, that investors to avoid bankruptcy have to recover from consumers not merely charges for maintaining capital assets, but also the original value of those assets as well.

Your article of February 27 denies that investors require to do any such thing, and you are undoubtedly right. But surely, in arguing thus, you are denying absolutely the heart of Major Douglas's contention in regard to capital assets? The point is best illustrated by his own factory example as given before the MacMillan Committee, and repeated elsewhere, and paraphrased by Mr. Joseph above. That example sets out to demonstrate that the mere bringing into existence of fresh capital causes costs to appear against consumers equal to the original value of the factory over and above mere maintenance or ordinary depreciation charges. In short, Major Douglas is arguing that the consumer does have both to buy and to maintain capital assets, and that their original cost does go into prices. It is just this contention more than any other which must prevent any competent economist from accepting Social Credit.

It is because of that misconception that Douglas is able to find justification for distributing a National Dividend to consumers based on a monetisation of capital assets. Critics reply that it is precisely because consumers do not require such money that such a procedure would be inflationary.

In "Economic Democracy" Major Douglas says that if "all capital production costs" were "allocated against ultimate products, prices of ultimate products would absorb at least the total earnings of the whole population." But if "only maintenance, depreciation, and obsolescence of intermediate products" were "charged against ultimate products, prices would be less than costs in the ratio that capital would bear to consumption." Hence the price factor and the National Dividend. But the argument would be true only if the original cost of capital production did appear in prices against consumers.

Since it does not, Major Douglas's fundamental case falls to the ground.

The same basic fallacy underlies his conception of the operation of bank loans which leads him to argue that industry has to recover both its costs *and* the total of bank loans used for capital productions; again, it certainly is not true. Producers in recovering their costs recover their loan.

I am afraid this is rather a long letter, but I would offer the double excuse that the subject not only concerns the core of the Social Credit case, but has been strangely neglected by controversialists in your correspondence columns.

J. A. FRANKLIN.

Palace Court, Westover-road, Bournemouth.
February 27, 1936.

We are only interested in paragraph 1 and the first few lines of paragraph 4 of Mr. Franklin's letter. The other paragraphs concern the exponents cited therein, and will no doubt be noted by them. Nevertheless, what we have to say in clarification of our own writing will incidentally help to reconcile the apparent divergencies that he points out.

Whereas we said that investors do not expect their primary capital back we did *not* say that this capital is *omitted* from prices to consumers. On the contrary our context compelled the assumption that this capital is *included in* prices. For our argument was to show that, under Social Credit, industry *could omit* primary capital charges from prices without inflicting hardship on investors. Obviously we should have been talking self-evident nonsense by maintaining that industry could knock charges out of prices which were not now in prices. There's many a slip twixt the cup and lip—and it does not follow that because investors do not drink out of the cup of industrial revenues nothing is poured into the cup.

If Mr. Franklin will consult the article we wrote, he will see that we used the phrase (partly in capital letters to call special attention to it) "not an institution holding itself out as a trustee." In its context this phrase had reference to the banking system considered as a collector of prices from consumers, and falsely holding itself out as collecting on behalf of, and for the benefit of, investors. In short the banker is fleecing the public of money at a rate sufficient to reimburse investors' capital, but without making such reimbursement. And it was precisely on this ground that we were able to say that no investor need be harmed if under Social Credit, industry were to discontinue making such charges.

We may here allude with some gratification to paragraph 2 in which Mr. Franklin confronts us with Mr. Joseph. For we claim Mr. Joseph as our witness. When the latter speaks of the "manufacturer" who will "endeavour to collect" capital charges as defined, his "manufacturer" is our "banker-auditor" (so to personify the orthodox system) applying his own principle of accountancy to prices. Mr. Franklin unwarrantably confuses Mr. Joseph's "manufacturer" with our "investors," as if these investors were going to be the beneficiaries of the success of the manufacturer's "endeavour." (Note the significance of Mr. Joseph's implicit hint that endeavours are not necessarily successful.)

The banking system operates to intercept (in prices) and confiscate (in loan-retirements) money representing investors' capital, and is able to do so without detection and protest because investors do not expect their capital back, and therefore do not notice that the money they parted with has gone out of existence, and won't come back except in the form of new loans based on the value (by bankers' computation) of existing securities—loans which, moreover, create new securities to compete with the old ones and depress their price-values.

To sum up. Under the present system the Consumer is charged with, and pays, *up to the limit of his resources*, a collective Price including (a) Primary capital, (b) Secondary (replacement) capital, (c) inter-factory purchases, and (d) disbursements of wages, salaries and dividends. In whatever proportions his payment is split up and allocated by industry the fact remains that he contributes a portion under each of the four categories. Confining ourselves to the first, Primary Capital receives something, but the owners of it receive nothing, unless indeed you choose to regard the dividends they get (when any) as repayments of capital—which isn't far from the truth! What becomes of this something? It becomes, so to speak, suspended purchasing power partly manifest in acknowledged industrial reserves and partly (and mainly) concealed in unacknowledged banking reserves.

What Is Social Credit?

Last week we defined Social Credit as a mechanical device for achieving the immediate common purpose of all classes of society. We compared it with the corkscrew as a mechanical device for drawing corks. The analogy will bear further elaboration.

First let us point out that a definition does not define unless it excludes—unless it says or indicates about something what it is *not*, as well as what it *is*. With this in mind consider what the corkscrew is *not*. It is not a mechanism which, in its design, indicates any secondary purpose to that of drawing corks.

If you have a mixed company of thirsty people in a canteen with a corkscrew and a quantity of corked bottles of assorted liquids you cannot deduce from the design of the corkscrew which bottles shall be *opened first* (or at all!) much less *in what order* the members of the company shall drink, or in *what quantities they share* the drink. Obviously it will pull any kind of cork from any bottle irrespective of what the contents are or what becomes of them. If we call it a "Social Corkscrew" (as we did last week) it is "social" in the non-moral sense that it will do what the "society" in the room decide that they want to do. How they decide, and what they decide, has nothing at all to do with the corkscrew. It will give them access to prussic acid just as efficiently as to port and claret. If, then, we choose to say that the "Social Corkscrew" is "social" in the sense of being a *good* thing—a bringer of self-evident benefits to society—we are not really ascribing moral properties to the corkscrew but to the "society." We are postulating that the "society" is possessed of sufficient common sense and conscience to employ the immediate, non-moral function of the corkscrew for moral purposes. If we comprehensively describe these purposes in the phrase: "the innocuous assuagement of thirst" we shall have a clear picture of the distinction between the means and the end.

This is not to deny that there is a relation between the corkscrew and the wise use of it. Such relation exists, and arises from the fact that the corkscrew makes easier to do what our hypothetical "society" have always wanted to do. The "society" never needed to be taught the *desirability* of drawing corks fast enough to keep pace with the demands of their common thirst: what they were waiting for was to be shown the *feasibility* thereof. In all ages humanistic reformers have won sympathy for their ideals: but have failed to win confidence in their plans for realising them. One can picture the situation by reference to the bottle-opening problem in our hypothetical room before the corkscrew was thought of. There were ways of getting the bottles open ranging from knocking the necks off to digging the corks out with scissor blades and/or pushing them in with sticks of firewood. But all these methods were slow, and involved damage to the bottles or obstacles to the re-filling of them. And since some of the company would have a proprietary interest in the bottles, there would naturally be violent disagreement between them and the non-proprietors as to the best way to get at the contents. Now, here is precisely where the invention of the corkscrew eases psychological obstacles to reform. It opens up, to those who inspect it, the vision of fast, clean and easy cork-drawing without damage to the bottles. This inert mechanism begins to purge society of its age-long dissensions.

The spiral sweep of the wire forming a corkscrew may be of any reasonable circumference; and there may be any chosen number of twists in a screw of a given length. To put it another way, you can (in theory) close the screw up or pull it out like a concertina, so that it becomes, at one extreme, a cylinder composed of wire, or, at the other, a straight length of wire. In the first case you wouldn't be able to get the screw into the cork. In the second you wouldn't be able to draw the cork. So, for effective use, there must be a sufficient number of twists in the spiral to give a "purchase" on the cork; but not too many, or else the turning of the screw in the cork would take up unnecessary time.

The analogy applies this way:—The policy of the bankers is to give the community only the option between using the cylinder "screw" or the straight-wire "screw"—the spiral must be closed up, or, if opened out, must be so elongated as to disappear. The policy of Social Credit leaders is to give the community a screw of the right spiral pattern, one which correctly balances the energy and time required to insert the screw against its "purchase" power when the operator pulls on it. In practice there will be a margin of error—or deviation from theoretical exactitude—within which the screw will still do its work. There can be compromise. But that compromise must embody the *principle* of the open spiral.

The Films.

"A Night at the Opera." Empire.

The general reaction to the Marx Brothers is that one either likes them enormously or dislikes them intensely. I am in neither camp, but found their latest picture—in which the partnership of four has been reduced to three—very amusing. It has its dull moments, as in the harp and piano-playing sequence, which is neither funny nor cinematic; but the scene in which one passenger, three stowaways, and various members of the ship's crew crowd into a tiny cabin with gloriously cumulative effect and the finale in the Opera House are pieces of inspired fooling. The Marx films have a certain anarchy in common with that of René Clair, but whereas the Frenchman's lawlessness has a philosophical basis, Harpo, Chico, and Groucho exhibit the logic of insanity and the impish maliciousness of a child who throws a

monkey-wrench, added to which is something of the characteristic humour of the "New Yorker."

"Things to Come." Produced by Alexander Korda. Leicester Square.

H. G. Wells is a figure of international celebrity. Alexander Korda is the most distinguished film producer in England. William Cameron Menzies, who directed, is reported to have said that the Wells scenario, on which the picture is based from start to finish, is "the most significant motion-picture script in the history of films." Finally, this is the most expensive and most ambitious film ever made in a British studio. It must therefore be judged by the considerable claims that have been made on its behalf.

It is a disappointment to the judicious. The major defects are that it never rises to the heights of its theme, that the direction is uninspired, and that the sermon that Wells obviously desired to preach is so unconvincing that the spectator will leave the theatre with the same ideas on war and peace as he had on entering. As a work of imagination, "Things to Come" is also disappointing. Wells himself has done incomparably better in "The War in the Air"; Aldous Huxley's "Brave New World" is more stimulating; and "Metropolis," made at a time of incomparably smaller technical resources, was much better cinema. Here we have Wells repeating himself with a flavour of Huxley and "Metropolis."

Technically, the film is not good. The editing is bad and the rhythm jerky. The action is constantly held up by long and platitudinous dialogue, and the leaps forward in time are so abrupt as to destroy the continuity. Here is an excellent and pregnant story spoilt in its transference to the screen, and it is impossible to feel more than a mild interest in the personalities or fates of any of the characters, who are not so much individualities—or even types—as puppets. The model work, decor, and trick photography are good, even if the much-advertised "space gun" is only our old friend Jules Verne brought up to date.

Wells and Korda might have delivered a superb and compelling sermon on the futility of war. Instead, "Things to Come" balances itself on the fence. Korda would, or certainly could, have made a much better film if he had given himself more of a free hand, and it seems as though his uncritical admiration for Wells—recalling the earlier adulation of Shaw by another British producing concern—has largely helped to mar a conception that might have given birth to a really great film, even despite the handicap of the amateurish Wells scenario.

DAVID OCKHAM.

Movement Notes

Mr. Townend in Glasgow.

A report from Glasgow signed by R. Ernest Way, contains the following information:—

Mr. Townend, who contested South Leeds at the last election as official candidate of the Social Credit Party of Great Britain, addressed a "Green Shirt meeting" in Glasgow on Sunday, February 23. About 300 were present. He criticised the orthodox system of finance along lines familiar to students of Social Credit and exposed the fallacies in certain sentiments and beliefs expressed by its upholders. One citation was from Sir Oswald Mosley, who had publicly stated, in answer to a question, that imports do not increase the wealth of a country "because they create unemployment." Another was from some publication issued by the Economic League who believe that "machines make work."

At the end of the address the chairman announced that the Social Credit Party of Scotland intended to open a fighting fund in order to put up a candidate in the Dumbartonshire by-election (nomination day being March 10). The prospective candidate was Mr. Hugo Ray, who has been a Social Credit propagandist for some years, and who was a member of the Scottish Nationalist Party until 1928, when he left it on account of its refusal to incorporate Social Credit in its policy. The Dumbartonshire division was said to have been the most extensively canvassed in Scotland on the lines laid down by the promoters of the Electoral Campaign, and if the contest takes place it will afford a further test of the value of pledges. A collection was taken, realising £5 15s.

This is the substance of the report. We wish to point out to Mr. Way that he does not make it clear whether the meeting was called by the Social Credit Party of Scotland or by the Glasgow Green Shirts. We would like to know whether the Green Shirts in Scotland stand in the same relation to the Scots Party as do those in England to the British Party.

Movement News.

Major Douglas will speak at the Central Hall, Westminster (small hall) next Saturday. Admission by ticket (1/-) obtainable only from the Secretariat; ticket not valid for admission unless holder writes his name and address on the back. Time of meeting 6 p.m. Tea provided at 4 p.m. (1/- per head).

. . . .

"Social Credit Delusion" (*Financial Times*, February 26). Report of address by E. J. Garmeson at weekly meeting of the 1912 Club, Bucklersbury, E.C.4. Social Credit proposals "dangerous"—pander to desire for easy money: would cost the State £7,000 millions for Dividends plus £1,000 millions for Discounts. Present national income is at most £4,000 millions—S.C. "scientific formula" based on "unreliable" or "unobtainable" statistics.

. . . .

Major Douglas spoke at the Authors' Club on February 24. Theme—as digested by the *Financial Times'* report—"catastrophe can only be averted by a change in the financial system": present system "run for the benefit of an international monopoly of financiers"; any bankers he had met had been "much more stupid than vicious." ("Laughter.")

Alberta Notes.

Private advices from the United States regarding Mr. Brougham's visit to Alberta (discussed in an article last week in this journal) show that in the opinion of Social Credit advocates his visit has not adversely affected the interests of the Movement. The general view about such plans as the one he put forward appears to be that there need be no strong objection to them provided that the planner takes *personal responsibility* for his plan, and that he *does not seek financial support* for propaganda from the Movement to further it. [This is manifestly a wise attitude considering that Social Credit principles can be applied in a large number of alternative plans.—ED.]

. . . .

Mr. Aberhart has announced that Major Douglas will visit Canada about the middle of March. (*Financial Times*, February 25.)

. . . .

Sunday Express correspondent says that Major Douglas has told Mr. Aberhart that his contract as adviser to the Albertan Government does not bind him to submit a Social Credit scheme for Alberta. (Cable published March 1.)

. . . .

The population of Alberta was inadvertently made to appear as 7,000,000 last week in the report of Mr. Campbell's address to the London Social Credit Club. The figure should have been 700,000.

LETTERS TO THE EDITOR.

SOCIAL CREDIT PARTY OF SCOTLAND.

Sir,—The Social Credit Party of Scotland has decided that the opportunities of furthering propaganda and attracting national attention, and the possibility of representation at Westminster, are features of the forthcoming by-election in Dumbartonshire which it can neglect only with shame. Therefore it has been decided to make an attempt to enter the contest.

Alone, we cannot. But with the support of every believer in Douglas Social Credit, we can extract *all* the honey from this chalice of opportunity. We shall again be indebted to your usual graciousness if you can publish this appeal:—

We are ready to go into this fight with our lives in our hands. The fight is yours. Join in, and bring us victory! Money and assistance of every kind are urgently needed. We are appealing to you in the name of the most vital cause in the world to-day. We need every penny you can spare—let us have it, quickly, for humanity's sake!

GEORGE GILFILLAN,
National Secretary,
The Social Credit Party of Scotland.

[We publish this appeal as requested, but must not be regarded as sponsoring it.—ED.]

WHAT IS A SOCIAL CREDITER?

Sir,—It seems desirable that we who hold varying views of technique should have some common standard to which *Social Crediters* may subscribe, and be accepted. To debar, say, Mr. Arthur Kitson or Professor Soddy from our platform seems to me to weaken ourselves as a force to-day. So I suggest:—A Social Crediter affirms that "Credit" is inherent in functioning Society, and is therefore neither a commodity nor prerogative to be alienated from public policy: but it is, in entirety, an inheritance to which every British-born citizen has a right of basic status as a citizen, with security to share this National Dividend of Association and individual effort. After all Society (Social) Credit is not a copyright, being neither yours, mine, but OURS.

Yours faithfully,
WILFRID PLATT.

[This might be a useful definition for Reformers on parade, but is too vague for Social Credit propagandists in action.—ED.]

ANSWERS TO CORRESPONDENTS.

INFLATION.

F. R. (Kent).—We note that despite our reply of February 20 you adhere to your view that it is "unwise and unnecessary" for advocates to say that Social Credit would not entail inflation and would result in lower prices. You say:

(a) An issue of New Money to equate consumption with production would—other things equal—raise prices.

(b) The regulation of prices through a discount and/or by limitation of profits, would—other things equal—reduce prices.

Thus two contradictory factors are introduced. Which is going to exert the greater influence?

The answer to this is that New Money will be issued under "b" as well as under "a." The effect of the issue in both cases would—other things equal—be in one direction, not in contrary directions.

Take an example. Say that at present there are 100 articles for sale costing £100 and that consumers' earned income is £80. Say that the Government issues £10 Dividend and £10 Discount-compensation. The retailer collects £90 from consumers and £10 from the Government: total £100. He delivers 100 articles. So he has received a price of £1 per article. Without Government assistance, if he had chosen to deliver the 100 articles he would have had to be content with a price of 16s. each. But he wouldn't keep on doing this: in fact he would stop at the first loss. So there is no point in comparing the 16s. with the £1 and saying that Government assistance has "raised prices" by 4s. per article. What can truly be said is that Government assistance has raised the collective monetary turnover on the 100 articles from £80 to £100. Within the compass of this illustration the price *per article sold* would be £1, whether with or without Government assistance—the difference being that *with* assistance the 100 articles would be sold, but *without* it, only 80.

We lay particular emphasis on the word *sold,* because however one may choose to define the term "inflation" or "deflation" or "reflation" and apply it to movements in figures representing prices, any conclusions that were arrived at would be meaningless unless those figures represented prices at which actual buying and selling was taking place. This can be illustrated by reference to the Stock Exchange and the Turf. Quoted prices of shares (or horses) would be of no value at all to investors (or "punters") unless they were understood to mean that business was done at them. In fact you can see, on the eve of a big race, a list of runners with prices, and, next to some of the prices, brackets containing the sign "t" (meaning taken) or "o" (meaning offered) or "t" and "o" (meaning taken and offered). The other prices, having no such signs against them, refer to runners in which backers are taking no interest, or practically none.

In the present context therefore we must rule out abstract calculations about price movements and confine ourselves to prices which are (or will be) "taken and offered." A "deflated" price which no seller will take is an abstraction. So is an "inflated" price which no buyer will offer. In short, what we want to watch is the price (or price-movements) reflecting what sellers can afford to take and buyers can afford to offer.

The general conclusion to which we come is that insofar as Social Credit causes an expanding collective turnover in consumable goods it will tend to reduce their average unit-prices. In our illustration the unit price of £1 remains £1. But it does not take into consideration the fact that when Government assistance cleared the stock of 100 articles costing £100 industry would respond to this stimulus by replacing them with, let us say, 150 articles costing, not £150, but something certainly less. The new turnover would be greater (one may call it "inflated" if desired), but the unit price would be less than the £1.

Forthcoming Meetings.

The following public meetings will be held at the Blewcoat Room, Caxton-street, S.W.1:—

March 6, 7.45 p.m.—"The Responsibility of Engineering and Religion for Poverty Amidst Plenty," by Mr. K. W. Willans.

March 13, 7.45 p.m.—"Social Credit—a Living Force," by Mr. W. T. Symons. (Postponed from February 21, at the request of the Committee.)

March 20, 7.45 p.m.—"Foreign Trade Under Social Credit," by Mr. Marshall Hattersley, author of "This Age of Plenty."

March 27, 7.45 p.m.—"The Immediate Future, as I See It—with a Spot of History," by Mr. Edgar T. Saxon.

The Social Credit Party of Great Britain.

National Headquarters: 44, Little Britain, E.C.1.

Wednesday, March 4.—Lecture. 8 p.m. "John Strachey's 'Social Credit' Pamphlet Examined, Exposed, and Exploded; and with it all Left-Wing arguments against Social Credit," by John Hargrave, Founder and Leader, the Social Credit Party of Great Britain (The Green Shirts).

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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