

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Douglas on the "Canon."

" . . . its editors hold that Idealism is just as inseparable from Realism as one end of a stick is from the other, and that environment reacts upon ideals just as, and possibly more generally than, ideals affect environment. "There is a third factor, however, to which I have on occasion referred to as the Canon. Probably none of us knows what it is, but nearly all of us recognise it when we meet it."

"An apt phrase, a racing yacht, the Quebec Bridge, all in their special way may have it. They are Right, because they are as nearly as possible the embodiment of the ideal in the mind of their creators, and they do their job."

" . . . civilisation has departed from the Canon. We believe that the major reason for this is . . . that a financial criterion rather than a realistic standard of Rightness has become its guide . . . consequence the world is given over to the Father of Lies . . . Enemy of Truth. . . . Money System is his chief tool."

"We believe this because we know how the Money System works . . . and, further, what changes would tend to make it realistic."

(C. H. Douglas in editorial article "Regarding the Canon" in *The Fig Tree*, No. 1, June, 1936. Reviewer's italics.)

"One by one the voters should be asked whether they are in favour of a larger personal income, with absolute security, via the National Dividend; and sufficient information should be placed before them to show that that is possible."

(C. H. Douglas in *The Nature of Democracy*. Reviewer's italics.)

"Outside of Social Credit there exists no effective substitute for the centralised control of policy, and it is high time that it should be recognised as the escape from Utopia, instead of the narrow incidental monetary technique to which a myopic clique has tried to confine it. Until the appearance of Social Credit as propounded by Major C. H. Douglas there seemed to be no possible outcome of the long conflict between the individual and society except the subordination of the individual. In spite of the certainty in all enlightened minds that the reconcilia-

tion of society and the individual was a possibility in the nature of things, and immediately realisable in this age of plenty, the necessary formula was lacking."

(W. L. Bardsley in article "Escape from Utopia" in *The Fig Tree*, No. 1, June, 1936. Reviewer's italics.)

Limits of Electorate's Competence.

It is a matter of common agreement among Social Creditors that the electorate are not competent to decide what technical monetary methods are best to produce a desired economic result. But we must not drive the logical implications of their incompetence to extremes. In the first place it is almost impossible to define any result whatever without thereby indicating some sort of method or range of methods. In the economic frame of reference the nearest formulation of a method-less demand would be embodied in the cry: *We Want More Wealth*—"wealth," in this context embracing all the means of life, and "more" implying as much more as was obtainable within physical limits of production.

Now granting for the sake of argument that this cry involves no implications of method, or an indefinitely wide field for the selection of a method (which amounts to the same thing) and granting that the doctrine of the incompetence of the electorate is to be invoked and applied in extreme form, it would not be allowable to ask the electorate to amend this cry to one demanding *Dividends*. For if they do they are implicitly claiming the competence to decide that the way to obtain Wealth is to obtain Money. This argument may be an exercise in hair-splitting; but it serves to show that the "incompetence" doctrine can be pushed to an absurdity. For no one will deny that the electorate are competent enough to recognise the relationship between things wanted and the accustomed means of purchasing them. And no one will deny that they are competent enough to recognise the technical inadvisability of reverting to the barter-system of distributing wealth.

So we are bound to impute to the electorate some measure of competence to proceed some steps beyond saying what they want, and to indicate how it is to be

obtained. The question is: how many steps?—at what point does their incompetence nullify the effect of their demand? Take the following list of items, progressively narrowing the scope of methods to be used:—

1. We want more wealth—as much as can be made.
2. We want money to get more wealth.
3. And without having to work harder to earn it.
4. We do not want prices to rise.
5. We do not want extra taxation.
6. We want the Government to provide the money.
7. We want the Government to create the money.

How far are the electorate, whose competence to demand items 1 and 2 is granted, competent to incorporate any or all the qualifying items 3 to 7 in their demand? All the latter constitute limitations of the field of methods open for the technical implementation of the demand embodied in the first two. Where is the line to be drawn to exclude the electorate from the technicians' preserves?

Catering for Curiosity.

We need not stop to argue this, because the electorate will draw the line for themselves as soon as they are attracted to the "Dividend" idea. They will decide how far to assure themselves of the feasibility of the proposal when they have recognised its desirability. Just as no section of the Social Credit Movement can impose uniformity of political methods on members generally, so will the Movement be powerless to impose uniformity of attitude on the public generally. We will have to cater for all "curiosities" whether we like it or not.

* * *

The situation recalls the Lancashire tip for men thinking of taking wives. It runs:—

Catch 'em young.
Treat 'em rough.
Tell 'em nowt.

The principle may be excellent but its application is rather difficult. And so with the people in politics. Propose to them something desirable in itself, and they will say "Why not?—but why?" And when you answer the "why" they will proceed to substitute—*how*? Whether or not they are competent to understand the "why" or the "how," they consider themselves entitled to be told, if only as a recognition of their dignity. This is the attitude of the self-respecting wife: she may admit to herself that she is not competent to take the responsibility of *telling* her husband what he must do in a given set of circumstances; but she considers herself competent (as she actually is) to *express her view* on the "why" and "how" of what he proposes to do or con-templates doing. She is certainly entitled to do so, seeing that she will be involved in the consequences of his final decision.

* * *

The outcome of this is that a Social Credit political leader must be prepared to afford any information whatsoever that the public ask for. Apart from whether he thinks it necessary or expedient, he will find that it becomes both, because the bankers will prompt the public to push their curiosity to the limit, and feed them with "awkward questions" to ask.

Logic and Political Action.

In view of the forthcoming Conference at York next October (announced elsewhere) it is necessary that all who are interested in the problem of political action—and particularly those who intend to participate in the proceedings—should carefully weigh and compare all views expressed on it according to their merits rather

than according to whence they come. The kind of counsel to which the Conference ought to listen with the most attention is that which proceeds from those who derive it from experience—those who say in effect: *We have tried* such and such and *we have found* such and such. Only after that should untested and unverified theories be listened to. For in politics the logical impeccability of lines of action is no criterion of their fruitful feasibility. The true use of logic in this connection corresponds to the casting of the chairman's vote when an assembly is evenly divided on a given issue. In Social-Credit science, logic comes first and the logician speaks with the greatest authority: in Social-Credit politics logic and the logicians come last. To put the truth into a brief sentence: the brain that can conceive an idea is not the brain that can sell it.

"I Got a Canon—"

And so conversely. Mr. Aberhart sold "Social Credit" (his version) to Alberta because he had the kind of brain which could sell *anything* potentially saleable (even authentic Social Credit, as John Hargrave pointed out in a recent article). He did this because he surrounded his "Social Credit" with a halo of religion which captured the imagination of his public. Notice particularly that he nevertheless treated the public *as if they were competent to appraise or endorse technical methods*: his election booklet was packed with explanation and arguments. Whether they understood them did not matter. What did matter was that by discussing methods he deepened their impression that he knew how to fulfil his promise of the Dividend. Again; whether the methods were correct or (as is known) incorrect, did not matter. The reason was because the electorate were not invited to insist on—or adopting them, but to *empower* him to adopt them—any better ones. Mr. Aberhart's fundamental appeal, to which they responded, was the Righteousness of the end he sought—an end incorporating material benefits but not wholly consisting of them. In a phrase, Aberhart preached a Canon of Righteousness.

"You Got a Canon—"

This brings us to the consideration of Major Douglas's article "Regarding the Canon" in *The Fig Tree*. From the extracts reproduced at the head of this article it will be seen that the Douglas Canon is distinct from the Aberhart Canon. The two overlap in significance but their respective centres of gravity do not coincide. Douglas's Canon is of Rightness. The Canon is fulfilled if something looks just right or works just right. The test is that of nice adjustment (whether physically or aesthetically) and has nothing to do with moral standards of judgment.

"All God's Chillun Got Canons."

For the purpose of the present argument the Aberhart and Douglas Canons may be considered as one, because both embody the ideal, however vaguely conceived, of the perfect adaptation of means to ends. Aberhart's lacks the comprehensiveness of Douglas's but can be fulfilled in it. There is no immediate contradiction between them. So we may hereinafter speak simply of "The Canon" as connoting that subtle sub-conscious something in us all which "clicks"—makes us catch our breath—go all "creamy" or "goosey"—or ejaculate Ah!—when confronted with Perfection in any of its manifestations. Essentially, that something is aesthetic. The writer's members being present at a long wrangle between artists about what "beauty" was, and at the end of it the

one conclusion that met with common endorsement was that the manifestation of beauty which evoked the widest spontaneous recognition from all sorts and conditions of mind and temperament was expressed in the shapes, movements and expressions of *baby creatures* of the animal kingdom, from mice to men. As a humble natural philosopher (a gardener) once exclaimed to the writer: "Just you don't interfere with how God works things and He'll show you something!" Conversely he might have added: "Just you interfere with Him and He'll show you what's what!" Another friend of the writer's, a gifted artist and one-time leader of a Social Credit Group in Highbury, once said: "I object to poverty, not only because it is cruel, but because it is ugly—it is a repellent spectacle in all its manifestations."

The "Formula" and the "Canon."

Mr. Bardsley's article in *The Fig Tree*, presumably written to amplify Major Douglas's, points out as a sin against the Canon the progressive subordination of the individual to the group. He uses the word "Utopia" in the derisive sense of connoting the propensity to group-planning, in which the individual is required to be moulded to the plan. He points out that all "enlightened minds" had been alive to the evil before Social Credit was heard of, but had to acquiesce in its growth because they could not discover a means of escape—i.e., the "Escape from Utopia." Then he adds these words: "The necessary formula was lacking." Presumably he is referring to what are known as the "Douglas Proposals" based on the "Douglas Analysis," and described in the early days of the Movement as "The Douglas New-Age Scheme of Credit Control and Price Fixing in the interests of Consumers." (See *Public Welfare*, October, 1921: heading to the earliest list of Social Credit groups.) It will be seen that Major Douglas, in his editorial article, says: "We believe this" [i.e., that civilisation has departed from the Canon by reason of the application of a financial instead of a realistic criterion of Rightness] "because we know how the Money System works . . . and, further, what changes would tend to make it realistic." The combined sense of both writers amounts to this: that the necessary formula consists of a method of making the Money System work to fulfil the Canon. It is "the strait and narrow way" by which the ideal of perfect adaptation is reached in the terms of both mechanical and human adjustments. It enables the people collectively to do what they want to do, and individually to do to others as they would be done by. It eliminates physical waste, and, consequently, social friction.

The Public and the "Canon."

When Douglas says: "We believe" his "we" obviously refers, immediately to the directors and other supporters of the Secretariat, and, by extension, to what we may now call (*pace* Bardsley) the "Stewards of the Formula." Yet Bardsley, having said that the formula is "necessary," says in the same article that it is "narrow" and "incidental." That it is narrow may be allowed him if he uses that adjective in the sense that the formula is precisely defined; for the essence of definition is to narrow down the import or application of a given word or idea. The narrower the better provided no essentials are omitted. In this sense the Canon, on the other hand, is wide—very wide—for, as Douglas says, "None of us knows what it is," i.e., we cannot define it, although "most of us recognise it when we meet it," or, more accurately, we recognise its ful-

filment when we are confronted with the evidence thereof. Just here it will be as well to interpose a *caveat* in the form of the following jingle:

You will know it if you meet it.
Will you miss it if you don't?

in order to safeguard the submission that it is one thing for the Stewards of the Canon to project its future fulfilments in their own minds, but quite another for them to interest people generally in that projection. The reason is that the Canon is never widely recognised until after it has found expression in an achievement—and the achievement is a matter of experiment, if not accident, because no rules can be laid down for its application. The people pay their tribute to the Canon on delivery of the achievement fulfilling it. In fact, the achievement creates the Canon.

* * *

The editor of *The Farm and Ranch Review* (Alberta) pointed out that what made the problem of overcoming finance-capitalism so difficult was that the people were so ready to barter their liberties for alleviations of their discomfort. In other words, he was virtually saying that the masses are willing to subordinate themselves to the group—that they, like Esau, would sell their birth-right for, let us say, Eisler's "basket of food." So, by all means let the experiment be tried of bringing them to a conviction of sin against the Canon, but let those who wish to try it remember that, with the financial arch-hypnotists and arch-tempters intervening everywhere, the chances of success are problematical. In the meantime it will be well if the "Stewards of the Canon" do not prematurely deride the "Stewards of the Formula."

* * *

The formula cannot, at one and the same time, be necessary and incidental. A well-known jeweller's advertisement reads: "Every Woman Sees Her Home Through Her Engagement Ring," and is illustrated by the picture of a darling little house framed in a circlet of gold and precious stones. The analogy is inexact because the ring is not a certain guarantee of the home; but with this exception the ring stands for the Formula and the home for the Canon. Notice here that the home symbolises the ideal of a rightly-mated couple founding a family—i.e., of the fulfilment of an age-long "Canon." The public, being familiar with such fulfilments, no doubt responded well to the advertisement, because they felt the allure of the slogan and picture. They would have responded much more feebly, if at all, had the jewellers chosen to appeal through quotations of the reasons why marriage was ordained from the Prayer Book.

The "Formula"—Incidental or Essential?

Mr. Bardsley's use of the term "incidental" would only be justified if he were suggesting that the Formula can now be dispensed with—that the principles governing its design could be modified or abandoned without defeating the objective in front of us. But that is not suggested. The principles embodied in the Formula, or the Douglas Proposals, are technical principles inescapably emergent from the Douglas Analysis; they stand or fall by the soundness of his Analysis. There has been a lot of confusion between principles and methods in recent controversies on "action." The "Scheme for Scotland" comprises methods, nearly all of which might be modified in other schemes for other areas at other times. But all of them conform with the

principles, which are fixed and essential. In the current number of *The Fig Tree*, thirty-five out of its hundred pages are devoted to the exposition and defence of those principles. The whole of Douglas's indictment of Aberhart is based upon Aberhart's neglect of them. The whole of his evidence in all parts of the world at official inquiries has been concerned with them. "The core of the problem is Cost" was his dictum on one occasion; and every Social Crediter has taken the term "Social Credit" to connote the technical principles he has laid down for correcting the price-system. Just as the core of a problem cannot be "incidental" to it, so the essential technique for solving it cannot be "incidental" to its solution.

Ends and Means.

Mr. Bardsley alludes disparagingly in his article to members of the Movement who have, he says, "tried to confine . . . Social Credit . . . to a narrow incidental monetary technique." No such persons have ever existed. All who have tried to explain the monetary technique have done so with the object of securing its adoption; and in trying to win support for its adoption they have naturally been obliged to enumerate the admittedly desirable achievements which will be made possible by its adoption. They originally tried to show what the technique *was* in order to show what it would *do*. If they had known how to present the things which it would do so alluringly that the public would say: "Never mind what the technique is or why it works, come on, we're for it," they would have thankfully abandoned technical instruction. As it was, they met with incredulity. "Too good to be true"—"If true why hasn't it been thought of before?" were two typical reactions. They did have an answer to the second of them, namely, that since the technique was so difficult to explain one would expect that it would take a very long time to discover! And they were able to clinch this by pointing out that the discovery was an accident due to an unprecedented combination of circumstances in which the things necessary to be noticed came under the observation of someone with the faculties for noticing them and drawing deductions from them.

* * *

They did insist, however, that ends should not be confused with means. They had to do so in order to save Social Credit—that is the technical means—from being relegated to the background by persons who were only interested in relating the things made possible by Social Credit to their respective philosophies with the object of popularising them. Such persons would come along and say: "Look, the visions of an emancipated and free humanity which you see, coincide with mine, and I represent the so-and-so church [or society or system of thought] which is striving for similar ends: so why not incorporate my teachings with your own and widen your term 'Social Credit' to embrace our collective visions?" Well, it is easy enough to see that if that sort of thing had happened not only would the Social Credit technique have been submerged beneath a hotchpotch of other techniques, but even the "Social Credit" vision would have disintegrated or sublimated into goodness knows what. No; said the Social Credit pioneers; if these people agree with our objective let them sponsor among their followers the study of our technique for achieving it, and not come along trying to get us to sell their techniques under the name we have chosen for our own.

"Fixed," or "Flexible," Trusts, or Trustees?
Coming to the problem of political strategy facing the Movement to-day the broad issues on which members are facing concern the comparative merits of the following theoretical alternative policies:

- Teaching the monetary technique alone.
- Analysing political events from that technical standpoint alone.
- Preaching a philosophy alone.
- Interpreting political events from that philosophic standpoint alone.

The first two policies belong to the *fixed*, mechanistic side of the subject: the last two belong to the *flexible*, moral-aesthetic side. All four, though distinguishable on paper, have always been employed by Social Credit advocates, though with various emphasis according to the temperaments of the advocates. And the main issue now is simply that of deciding whether there ought to be a redistribution of emphasis. One may elucidate the nature of the issue by reference to the analogy of the "Fixed" and "Flexible" Investment Trusts. Social Credit began as a Fixed Investment Trust in which the "Formula" stock constituted the main security in which the money of certificate-buyers was invested. This continued up to 1933. Since then the principle of the Flexible Investment Trust has been introduced by the Secretariat. Now in the ordinary business of finance the Flexible Trust is supposed to have the advantage that it allows the Trustees to sell out and buy in any stocks, or to increase or decrease the number of lines of stocks, at their discretion. The investor in their certificates has to trust to their judgment. In the case of the Fixed Trust, nothing is left to the Trustees' judgment.

* * *

So you have this main difference between the two—
(a) Fixed Trust: The public invest in the listed stocks. They know what they are buying. (b) Flexible Trust: The public invest in the Trustees. They do not know what will ultimately be bought with their money.

In the business of finance no Trustees would be allowed to launch, or acquire control of, a Fixed Trust, and then change it into a Flexible Trust. They would be restrained by law, and properly so. Investors would object; and the Trustees could not get away on the allegation that the objectors were a myopic clique trying to confine the Trust to its narrow condition of fixity. The Trust would, by hypothesis, have been formed *purposely* to be narrow: and, further, the *name* of the Trust would have been intended to identify it with the narrow permanent scope of its original stock-selection.

* * *

The applicability of this analogy to the situation in the Social Credit Movement needs no elucidation. And it is not surprising that the Conference at York has been arranged to review the situation. It is significant that the notice reads: "A National Conference on Action in the Forwarding of the Douglas Social Credit Proposals." The key word is "Proposals," for this word connotes the essential technical device for solving the problem of scarcity. It is the once "missing formula" in the absence of which the problem was given up as insoluble.

The business of the Conference is to see that this once missing formula, now that it has been discovered, is not lost again. And the way to prevent this is to make it the central Fixed Security compulsorily to be held by

any Trustees for the Social Credit Movement whoever they may be. By all means let the principle of flexibility be conjoined with that of fixation—as it can be—but let the Formula remain in its place as the centre of gravity or the nucleus within the atom.

The Formula, the Hope, and the Action.

Let any person who fears that this will deny scope for idealism examine the pages of *THE NEW AGE* (1919-22), *Public Welfare* (1921-2), *Credit Power* (1922-3), *THE NEW AGE* (1923 to the present date), and *The New English Weekly* (1932 to the present date), and then ask himself where any form of fruitful appeal has been excluded by reason of the assignment by these journals of the "Formula" to its dominant place in their policy and practice of educative propaganda.

* * *

The hope of the world depends on the accuracy of the Douglas technical diagnosis. As the Apostle might have written: "The whole creation groaneth waiting for"—its announcement. There will be no action at all without hope; and therefore the policy of any actionist body must be centred upon the "forwarding of the Douglas Social Credit Proposals."

Entropy and Social Dynamics.

By James Golder, M.I.Mech.E.

VIII.

The accurate delineation of the world in which we live and move and have our being has been brought about by what is termed the scientific method. Knowledge, acquired partly by accident and partly by crude experiments, does not, however, constitute science. Knowledge only becomes science when accurately established facts are accurately co-related; and its success or failure, its perfection or otherwise, is dependent entirely upon instruments of measurement. Science itself has even been defined as synonymous with *measurement*, so widely is this truth recognised.

If this be so, the importance of the instruments devised, and the figures of integration employed, cannot possibly be exaggerated, since human destiny is involved. As instruments are but tools, extensions of the hand, whilst letters, figures, and integrations are extensions or tools of the mind, they have the effect of enlarging the range of vision into the realm of cosmic ether, and have their physical counterparts among primitive creations in such things as the flagella of the plant, the tentacles of the mollusca, and the antennae of the insects and crustacea, as well as the web of the spider.

The tips of the human fingers come into the same category and represent on the outstretched arm the maximum radius of bodily action round a fixed centre; but the radius of mental action has been enormously extended by the use of instruments stretching the fibres of the mind far and wide in every direction of possible research. To take three crude examples. With the sounding lead on the end of a line, the man on the lookout puts his finger on the bed of the sea. With the telescope, the moon and stars are traversed, and with the spectroscope things have been discovered on the sun even before they have been discovered on the earth! * Examples like these could be multiplied to show how instruments of precision have served to guide the human species into a large place, yet not too large to

* Helium was discovered on the sun by Janssen in 1868. It was not discovered on earth until some twenty-five years later!

be encompassed by human vision, for by Sir Isaac Newton's discovery of the integral and differential calculus, a tool was put into the hands of man which enabled him to survey the universe from meta-centres and thereby arrange the stars upon a map, measure their mass and their weight, as well as time-table their arrivals and departures more accurately than in any Bradshaw.

But it was the advent of the microscope, the thermometer and the barometer which brought the human eyes back from these remote regions, and sent the mind on a centripetal or convergent voyage of discovery in the opposite direction. On this, the return journey, the baby science of thermodynamics was born, and with it the discovery of the absolute zero on the temperature scale. This discovery may be regarded as an abiding place where the mind can rest awhile and take new bearings before starting out in an entirely new direction of thought, desire and effort. Here, indeed, is finality. Here, certainty. All measures taken from this dynamic datum line can be relied on for human use and benefit. Why? Because there exists an *intrinsic relationship* between the things it measures and the vehicle which conveys to man his own life—which is blood.

From a study of these three relationships in the plane of human observation and experience, a perfect gas was found by experiment to expand or contract in direct proportion to the change in temperature. A further experiment was therefore made over a range of temperatures obtainable.

Without going too deeply into that we may pass on to the terms and conditions which nature seems to favour in her thermodynamic exchanges. We find that for a given gradient, or heat drop, the entropy value is a constant if the change of state be what is termed an adiabatic change. It is a shame to introduce another strange word, but it means a balanced or steadily resisted change, as distinguished from, say, a sudden release of the energy, a wire drawing or frictional change, or an instantaneous change like an explosion.

The best mental picture I can suggest of such a change is the launching of a ship, say, the Queen Mary, referred to last week as the launching of a city. Here on the land is a huge building of steel over 1,000 feet long, more than 100 feet wide, and probably 140 feet high. Its launching weight may be 20,000 tons or more. Though designed and built to be waterborne, i.e., in a state of constant motion, as it stands on the stocks, in situ, it is a static structure. The launching day is a critical day, because the change is a critical change. Anything might happen. But a perfect launch is a perfectly balanced (i.e., resisted) and perfectly unresisted change, yet it is as complete a change as any transformation in kind. The breaking of the bottle on the bow is the signal for gravity to take charge. Men down below with hammers and jacks transfer the final part of the load to nature, other jacks overcome inertia, and great is the energy thereby released, absorbed and controlled. The "something" that is equal in nature over a critical change of that description is the value we call entropy in thermo-dynamical law; and when the change is effected in that way with the minimum of waste (measured in intrinsically related terms) the maximum efficiency is achieved.

I have an idea this is akin to what our legal friends call equity, and whilst I believe it is at such points as these that "deep calls to deep," observation and experience extending over forty years have caused me to have grave doubts as to the standards of measurement, the instruments of precision, and the principles of equity which comprise what Professor Dicey's classic treatise describes as the "Rule of Law."

"Lawyers," says Sir John Simon, "in this country are unpopular," and he is frank enough to add in parenthesis, "I dare say deservedly," and goes on

† "Three Speeches on the General Strike." 1926. Macmillan and Co.

thus, "but the law is respected and revered." Just how long this respect and reverence will last it would be unwise to prophecy; but the shifty nature of legal standards based on values which ignore intrinsic relationships is spreading unrest among the middle and upper classes to the extent that Law and Justice as at present administered and dispensed is regarded with suspicion and distrust.

The gold standard of value, with its concomitant belief that there exists an intrinsic relationship between money and value, is not an absolute, it is an arbitrary standard, like the 32 degrees below freezing point fixed wrongly by Fahrenheit as the absolute. To be comparable with natural law values and relationships derived from the use of such measuring instruments as the barometer, the thermometer, and the 24 in. gauge, etc., if absolute, the gold standard should be capable of keeping the metal in continuous circulation in quantity adequate to the needs of every individual in the community up to their maximum capacity. The losses by friction, and other causes, should be made up continuously by the Mint, and there should be no waste. I am, of course, aware that it is physically impossible to do this now with what are called the rare or precious metals. And I am also aware that the said metals have been largely replaced by specialised paper, but what I am contending for in these articles is this, that the preciousness so long attributed to the metals, and other suchlike credit instruments, must now be transferred to the man himself as the supreme expression of a fully accredited—I must say it (at great risk of being misunderstood)—child of God! To modify the misunderstanding, I will adapt the words of my national poet, "The man's the gold for a' that."

Gold has been the working substance of human credit power both potential and kinetic for thousands of years. As a standard it has become a habit of mind. It is something which has got into the blood of the corporate body, bringing about a mental habit of limiting life by counting it, trying to save life by bottling it, canning, or otherwise preserving it, and finally by mortgaging and insuring it to such an extent as to pile up a great load of mental inertia, which will, left to itself, most certainly react and smother it. It is not in the nature of things that men should thus perish and be wasted. It is in the nature of things that men should take steps to overcome this mental inertia and launch themselves into a new sea.

The Waterlow Case.

Mr. Gavin Simonds's arguments before the House of Lords (1931).

VII.

The LORD CHANCELLOR: Would there be any difference in your proposition if instead of "might have" I put "did issue them"?

Lord ATKIN: I understood both Mr. Stuart Bevan and Mr. Le Quesne to admit over and over again that if banknotes had been issued by the Bank to the public and they were burnt the Bank suffered no more loss than the amount of re-printing them.

Mr. GAVIN SIMONDS: So I understood, and it appears that they admitted it in the Court below, and Lord Justice Scrutton observes upon it in his judgment.

Lord MACMILLAN: And it is obvious.

Mr. GAVIN SIMONDS: And it is obvious, my Lord.

Lord ATKIN: Perfectly obvious.

Mr. GAVIN SIMONDS: Yet it was the basis of Reason 16, and still is.

The LORD CHANCELLOR: I am not quite so sure it still is. I think No. 16 has been a little disowned by Mr. Bevan in this House at any rate, perhaps it is a stepson.

Mr. GAVIN SIMONDS: Mr. Le Quesne more logically said it was literally true.

Now, my Lords, I do not want, and I hope I shall not make any false point upon this, but it does, in my respectful submission, really come to this, that whereas the obligation is just what I have written out, my learned friend asks your Lordships to say that the obligation is £5; he is really saying that the position is the same whether it is in the hands of a third party or in the hands of a bank. There is no doubt the third party parting with his note parts with £5; of course he does. Why should it be said the Bank parts with £5? The Bank does not part with £5, all that the Bank parts with is the obligation which I have stated, and to say that its obligation is £5 is just saying over again that it has the same value as in the hands of the third party. It has not. My learned friend used on more than one occasion the expression "the value of the obligation." With great respect, that is surely a confusion of thought; the value of the obligation is, of course, one thing to the person to whom the promise is made, and another thing to the person making the promise. The question from the point of view of a promisor is: At what cost can he perform the promise; the question from the point of view of the promisee is: What is the value to me of the promise? When you get two persons who are so different as the Bank of issue on the one hand, the promisor, and a person who has no power to issue, on the other hand, the promisee, the value of the two things is quite different. It is simply repeating Reason 16 in another and more refined form. The question, my Lord, is: What does it cost the promisor the Bank of issue to perform its obligation? If it has to perform its obligation at all cost, well, it must pay the damage. It does not follow in the least bit that because the note is worth £5 to somebody else that therefore the measure of the obligation of the promisor is £5 or that it costs him that to perform it; it does not. What it costs the promisor to perform that is the cost of printing another note, and at some distant time to pay the appropriate amount of gold. You do not improve your case, in my respectful submission, by introducing the words "the value of the obligation" instead of "the value of the note," yet over and over again, my learned friend in his argument has said the value of the obligation is the face value of the note. That is saying the same thing, that is Reason 16. What your Lordships have to ascertain is what it cost the Bank to perform its obligation? I have written this out, and I will not weary your Lordships again with it. It is a complete fallacy, in my submission, to say that the value of the obligation, or the market value of the notes in the hands of some third party, is the test of the damage caused to the Bank. If the Bank says it has proved a certain amount of cost to its damage, by reason of my act, surely I am entitled to answer that in this way: You have issued a note which contains—we will assume this—your promise; what does it cost you to fulfil that promise, I will indemnify you. Your promise is written on a bit of paper, a note; what does it cost you to put that promise in writing on a bit of paper? That is what I did, I venture to submit, I indemnify the Bank in any form of money that is assessable against this obligation, and I will pay the cost of putting those obligations into writing. That is the test, and it is introducing something absolutely fallacious to say that the measure of that obligation is the market value of the note in the hands of a third party, because that is saying, in other words, merely the old thing over again, Reason No. 16, the note is of the same value in the hands of the Bank as in the hands of third parties.

(To be continued.)

Movement Notes

The Secretariat's New Plans.

Social Credit, July 17, announces a series of Supplements, the first of which will be published with the number dated August 14 next. They will contain matter of a "highly confidential" nature. They will be issued "only to those who have the dual qualification of being registered subscribers to the Secretariat and direct subscribers to the paper, *Social Credit*." The object of this new venture is stated to be that of eliminating from *Social Credit* matters concerning (a) the technical aspect of *Social Credit*, and (b) the "financial and political technique" of the Movement. These are to be carried by the private Supplement, leaving the public journal, *Social Credit*, free to appeal to the "widest possible circle of electors." It will be "devoid of all highly technical articles and matter relating to the internal politics of the *Social Credit* Movement." Subscribers to the Supplement will be required to give a written undertaking that they will "not divulge its contents to others." The prime function of the paper, *Social Credit*, under the new arrangement, is stated to be that of "showing the man or woman in the street how simple is the philosophy of Douglas." (The italics are official.) The keynote of the paper is to be simplicity of exposition (of the philosophy) "in relation to each week's happenings."

News Notes.

Law and Life Assurance.

Mr. Justice Swift last week gave judgment that a certain insurance company was liable to pay a death-claim arising from a suicide committed deliberately by a sane man to get the money into his estate. He held that for the company to succeed there should have been a clause in the policy specifically reserving them the right to refuse. In this case there was such a clause, but it applied only to the first twelve months of the currency of the policy. The company had therefore fallen back on the plea that it would be "against public policy." Concerning this plea the judge observed that the doctrine of "public policy" was insupportable of exact definition, and therefore needed to be applied with care. He confessed to being quite "unmoved" by the picture drawn of thousands of people taking their lives to obtain money. Companies must, he said, abide by the terms of their contracts. In this case, he continued, the company had enjoyed the advantage of receiving premiums over a number of years on a given set of contractual conditions, and must not now seek to vary the conditions to avoid its obligations.

Gas Masks for All.

The Government announced last week that gas masks are going to be provided for the whole population. The masks are to be stored in local centres so as to be immediately accessible in emergencies. Facilities for learning how to use them will be afforded to citizens.

"Silence risks nothing; it kills without trace."—A. R. Orage in *The New Age* of January 15, 1920.

Notice.

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

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

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

LETTERS TO THE EDITOR.

CAPITAL IN PRICES.

Sir,—I wish more of your readers would express their views of Major Douglas's words in the debate with Mr. Hawtrey. It seems to me that if Douglas were not insisting that prime capital costs have to be recovered from consumers in the price of the product, then his language was incredibly loose, inaccurate, and ambiguous.

Mr. Coleman holds that Douglas was merely saying that the replacement payments will not, of themselves, balance the depreciation charges. Let him consider a passage in "The New and the Old Economics." It reads: "... If we can imagine the modern industrial system doing only so much work upon capital goods as to maintain them indefinitely in exactly the same state of efficiency, then, quite obviously, consumption would be exactly equal to production. Under these conditions, the amount of wages distributed on maintenance would obviously be added into the cost of the end products, and collectively with the wages paid to the final producers of end products would be sufficient to buy the end products always providing that no charges in respect of the original plant, buildings, and other capital goods which were merely being maintained, were charged in the prices of either intermediate or ultimate goods, and that no one made a money profit." (Douglas's italics.)

Surely that is saying that though consumers will have the money to meet depreciation charges they will not have money to meet original capital values brought forward (as Douglas erroneously thinks they are) into the prices of ultimate products?

In this connection "John Grimm" in his article preceding Mr. Coleman's letter a fortnight ago, gets in a muddle on a vital point. He takes the case of a set of machines installed and then maintained, i.e., "replaced at the rate at which they are used up." He then says that "the consequence will be that the cost of the first set will go into prices, but against that cost the citizens will earn incomes from the construction of a second set." Certainly not. It is only the cost OF THE SECOND SET which goes into prices. In short, consumers have merely to bear the cost of replacing capital assets as they use them up; they do not have both to buy and to maintain those assets. That would be charging consumers as such, for something they do not own and do not need to possess. Douglas proposes to distribute to consumers free income representing the value of capital equipment. But to do so would be disastrous socially and financially for two main reasons. Firstly, it would be giving to all a free claim on goods owned by others; secondly, it would be giving the community the right to consume capital goods—letting them off depreciation and consequently the obligation to replace what they use up. That way could only lead to a return to primitive poverty.

Mrs. Bing thinks Douglas, Coleman, Franklin, Uncle Tom Cobby and all, are barking up their respective wrong trees. But her view that deficiency is caused by the attempted collection of interest is due to a misunderstanding, which any text book on economics would correct. Interest is charged and collected by means of a re-distribution of costs. There is no more difficulty in paying the wages of capital than the wages of men.

Social Credit is becoming a game. First assume a "deficiency." Then try to find it. Sure enough every player does find it, but in a different place from everybody else, including the originator of the sport. J. A. FRANKLIN.

Mr. Franklin should give himself time to ponder over the secondary significances of steps in an argument. He should also recognise that any *Social Credit* contributor who consents to argue from premises selected by a critic gives hostages to him.

This is illustrated by Mr. Franklin's impatient allusion to "muddled thinking." If a hand-made machine costs £100 in wages to construct and is then used up in the making of

a second machine at a cost of £50 in wages, his statement that wage-earners will not be charged the £100, but only the £50 is true (as a statement of accountancy practice in an individual enterprise), but by no means rebuts the ultimate Social-Credit contention that purchasing-power will be inadequate.

For one thing, to examine the contention it is necessary to inquire into the banker's loan policy in the given circumstances. He lends and recovers £100 on machine No. 1. Then he lends and recovers £50 on machine No. 2. One consequence is that the investors who hold shares of the value of £100 own a machine now worth £50. Herein lies the explanation of the "re-constructions" and "writings-down of capital" which followed the diminution of bank-loans after the war.

Another point is that though investors do not expect their original money back while their property is functioning, they do expect it back (or as much as possible) from the disposal of the property if it ceases functioning. So something has to be done to give them an assurance that their property is being protected against the contingency of disposal—otherwise the investment system would collapse. This something is the accumulation of reserves. Money is extracted from consumers and used virtually to insure investors' risks—the bankers collaring and destroying the premiums.

Note, these are not "answers" to criticism; they are suggested lines of investigation.—ED.]

USURY.

Sir,—Mr. Hilderic Cousens still adheres to the medieval ethics concerning usury which consort with our out of date financial system. He says "advancing money at interest while sharing the risk is not usury." Well, another name will serve, for it is certain that bankers and bondholders commit the same infamy when they thrust upon society a debt system which strangles it soul and body. They cause the same flaw in the price system.

Mr. Cousens' parallel concerning profits points the case against usury. He says "a reasonable profit is equivalent to a salary paid for services, but above a certain level what is called profit is an immoral exaction."

Quite so. What level?

And what service does a bondholder perform when he hands over a tuppenny cheque as a lien on the community's credit. And why should the community pay him for "risking" a bunch of paper in any enterprise involving the community's wealth?

Mr. Cousens explains at length that prices are always in excess of costs and are made up of credit-cost plus interest plus an "extra." He is at pains to show that some of the interest is distributed, even as the "extra" is, to buy back industry's product. Agreed. But that part of the interest (and of the "extra") which is re-invested creates a cost equal to itself plus a sum which has no existence and while it leaves goods unsold can only be created with the weight of additional cost (usury) added to it.

There is no analogy between the bankers' and the bondholders' interest charges and Mr. Savage's scaling down State charges to the cost of his clerks. State Credit is State debt only to the extent of State service, and State clerks, without usury, will not be State debts, as bankers and bondholders are.

The need for State dividends will arise as soon as sufficient State Credit has been issued to remove the burden of usury which restricts production.

As matters now stand, in the face of any attempt at financial reform, the bankers can always conjure up a smoke-screen of starving bondholders in order to mask their own iniquity and retain their invulnerable position. Russia met it. Aberhart met it. Savage will meet it.

Ethics and economics are inextricably linked—and I rejoice that Mr. Hargrave has decided to stress the significance of that fact. The Douglas Movement needs it desperately.

In physical reality abstinence (for saving) cannot produce a "proceed." In a world of plenty abstinence is pathological—the result of fear or the lust for power. Abstinence in a world where we propose to pay people to consume is anomalous. That money is a worthless ticket of no commodity value is a truism. Therefore, to agree to pay rent for a bushel of it indicts society as mentally and/or morally defective. To advocate convoluted financial technicalities to avoid curing the aberration is to prolong the defect—especially when they obscure the main issue: i.e., the need to socialise credit.

GLADYS F. BING.

A
National Conference
on
ACTION
for the forwarding of
THE DOUGLAS SOCIAL CREDIT PROPOSALS
will be held at
York
(from Friday evening, 9th October, till Sunday evening, 11th October, 1936).

While the nucleus of the Conference will be formed by representatives of existing Groups, all those not satisfied by existing opportunities of action, and wishing to take part in discussion of the most effective forms of propaganda and action at the present stage in development of the Social Credit Movement in Britain, and the most useful forms of association between those so engaged, are invited to apply for particulars of the Conference to the Hon. Conference Secretary,

(Mrs.) G. McLEAN,
28, Primley Park Grove,
Moortown,
Leeds.

The following subjects for discussion will provide the basis of the main Sessions of the Conference:—

Propaganda.
Parliamentary Action.
Prospects of the Social Credit Movement.
Organisation of a Social Credit Federation.
Practical Steps.

As the accommodation is limited, those who wish to attend are asked to furnish their qualifications, of experience or otherwise, for contributing to the proceedings.

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PUBLIC MEETINGS.

London Social Credit Club.

On the following Fridays, at 7.45 p.m. at Blewcoat Room,
Caxton Street, S.W.

July 24, 7.45 p.m., "Social Credit and Semi-Starvation,"
by Mr. Brame Hillyard.

July 31, 7.45 p.m., "How you can help to get Social
Credit," by Mr. Ewart Purves.

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