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NOTES OF THE WEEK.

The Electorate and Social Credit.

The recent controversy in these pages on the question of capital charges in prices has probably seemed inconclusive to many readers. But as Mr. Coleman remarked last week, it has not been fruitless. Mr. Peddie, in his letter on July 30, expressed the opinion that it was fruitless, and went so far as to insinuate that defenders of the Social-Credit Analysis who had been debating with Mr. Franklin were thereby creating the impression that the soundness of the Analysis was still a matter of doubt after seventeen years of exposition. He appeared to take the view that these defenders were prejudicing the case for the Analysis by allowing themselves to be entangled in a controversy which was irrelevant to that case; and he then gave a short outline of how the case ought to be argued.

We are far from imputing the reasonableness of Mr. Peddie's attitude. There are circumstances in which we would adopt it ourselves. And in fact we did adopt it up to the year 1934, and for the reason that those circumstances existed until that year. The circumstances were briefly these:

Major Douglas in that period held the definite view that public opinion about the Analysis had no importance. He held that the arguments used in his early works, and the developments and extensions of them used by other expositors, afforded sufficient material for any serious and systematic student to verify the Analysis and accept the Proposals. He held that the adoption of Social Credit by any Government would not be affected by the notions which the public in general might pick up about it. Therefore expositors could insist on presenting their arguments in their own way; and if their presentations failed to satisfy inquirers and critics—well that was their funeral. In short Douglas's ruling amounted to this: "They must take it or leave it as we teach it."

Under this ruling, if Mr. Franklin had come along during that period with his challenging proposition, he would have been told off in a formula of this kind: "Insofar as your argument is true it is irrelevant" and he would have been recommended to verify its irrelevancy by studying the available authentic "Douglas" literature. This attitude is the one which, in fact, Mr. Peddie is now taking, and recommending to other expositors of the Analysis.

But it comes two years out of date. In June, 1934, Major Douglas took a step which destroyed the logical basis for any such supercilious and disdainful attitude. He publicly declared that for the purpose of putting in Social Credit the support of the public, thitherunto unnecessary, had become indispensable. Thenceforth the public were to be canvassed to come into a drive for the Social-Credit objective. In essentials this involved the peaceful persuasion of a large number of citizens. They could not be coerced. So far so good. But Major Douglas further directed that this persuasion was to be exercised without even naming Social Credit, much less explaining the Formula and the Analysis supporting it. It was no use, he insisted, telling them about "methods," because (a) they were incompetent to understand them, and (b) it was not their business to prescribe methods. What they were competent and entitled to do was to demand results.

Now a public who are to demand results will first demand to be assured that the results are attainable. They will have to base their assurance either on (a) evidence that practical methods exist or (b) faith in some person or persons who declare this to be the case. If (a) is ruled out the problem is to explain to the public why they should accept that declaration without evidence. Douglas now seeks authority from the public to direct how they should use their votes. He wants them to vote for Dividends First and to support Parliamentary candidates pledged to demand Dividends First irrespective of party allegiances. In short he says to them: "Do as I tell you and you will get the Dividend."

Thereby he implicitly guarantees that some technical
confession of fear of coming into the open. And needless to say, Communists, Socialists, Liberals, Conservatives, and other bidders for public support would hasten to insinuate that the Douglas Cadets were suppressing the Formula because they were unable to meet technical criticisms of it.

... Let us pause here and consider what sort of spectacle the Movement presents to the public. It is one very like the situation in Spain. In that country fighting is going on between Spanish Loyalists and Spanish Patriots, each side trying to persuade the other that the other side is the aggressor. The public is inevitably absorbed in one or the other of these external European autocracies—the Black on the one hand or the Red or the other. So the neutral observer is faced with the paradox that the integrity of Spain depends on the formula of both parties. If both parties tried to make it clear that the Spanish Loyalists and the Spanish Patriots were to bomb and butcher each other until not a man (or woman) combatant on either side were left alive—then Spain would be saved!

And this is how the situation in the Movement will be regarded by the public. They will see on one side the Douglas Cadets or Douglas Loyalists, and on the other the Douglas Green Shirts or Douglas Patriots. They will see each side ostensibly striving to save the Movement from being absorbed in, or exploited by, the external Money Autocracy. They will overhear the conflicting charges that the Loyalists' internal motion policy is futile, and that the Patriots' internal motion policy is dangerous. They will hear both sides being clamored as 'militant.' Putting all this together they will be driven to conclude that the salvation of the Movement, like that of Spain, depends upon the mutual extermination of Cadets and Cadets alike—or, in more general terms, upon the abandonment of attempts to impose a uniform social reform policy upon the Movement.

Let us emphasize that this is not the true picture at all. As we see it from the inside, it is the picture that the public will see if and when they have their attention drawn to the present actionist controversy. The analogy with the field study holds good in this respect also. The Movement as a whole is not primarily interested in obtaining power for its own ends. It is primarily concerned with the internal motion policy of the Movement. The public is being deluded by the leaders of both sides into thinking that the internal motion policy of the Movement is the salvation of the Movement. A manifold of these leaders are clamoring as 'militant' in the interest of each group. They never seem to understand that this is not the case.

Now for the political effect of all this. If any group succeeds in winning public support shows signs of trying to do it, immediately, publicly, and absolutely, it is buoyed up. If a group elevates its insinuations of the enemy's weakness, its every attempt to dislodge him is not only successful but a matter of public satisfaction. The public is told that the movement is being won.

... But let us repeat once more—because it is the essence of our main argument—that such an attitude of mind must necessarily have a demoralizing effect on the public. It will neither pay the workers nor the masses of the people to be content with the mere acquisition of power. They must demand something in return. And if the movement is to succeed it must be as a movement of the masses, for the masses, by the masses. And this means that the movement must be democratic. If the movement is not democratic it will not succeed. If it is not democratic it will not be able to solve the problems that face it. If it is not democratic it will not be able to solve the problems of society. If it is not democratic it will not be able to solve the problems of the workers. If it is not democratic it will not be able to solve the problems of the masses. If it is not democratic it will not be able to solve the problems of the nation. If it is not democratic it will not be able to solve the problems of the world. If it is not democratic it will not be able to solve the problems of humanity.
found canvassing congenial, and no farther. How far
that is remains a matter of conjecture: there are no of the figures of electoral candidates gathered since the
Buxton policy was announced. An unofficial estimate
of 750,000 is said to have been mentioned by someone
in touch with headquarters. But whatever the figure
it is of no importance. It reflects "lightning" contacts
with absent-minded householders. But for the purpose
of the campaign some continuity of contact is
valuable. The only medium of continuous contact possessed
by the Secretariat is its official organ Social Credit,
and it is its paid-up members who hold it outside the membership of the
Movement which is the secretarial see of the
pledge-collecting. The collection was officially given
as 21,000 a year ago, and is about the same now according
report. Assuming that the public take
8000 of these, there remain 2000 people out of contact
with the Secretariat. When the time comes for these
people to be mobilized to implement their pledges they
mab be called upon or circularized. A halfpenny circular
to each natural person over £1.50. A personal call on each
knowing that all the calls would have to be made
within the usual period of an election fight, say three weeks would require an army of re-canvasers whose
number would depend on how long it took each to persuade the voter to sign as pledge.

So it will be seen that the electoral campaign will
come under the law of diminishing returns unless new
active workers are recruited into the Movement in some
fixed ratio to the number of pledges secured. Social Credit candidates' experiences at the last election proved that pledge-gaining as such were utterly unre-
liable. and caused workers in the election to realize that the object of canvassing should be recruiting. If
view that is generally accepted it follows that canvassing
falls into place as a useful departmental activity of a
local group—one to be followed or not according to
whether the leaders like to try for recruits in that
particular way. The Secretariat are coming round to realize this, for in their latest appeal they freely offer
to sell disbursements to those who do not wish to

To sum up, we see a belated recognition by the
Secretariat of (a) the value of technical education and (b)
the non-reactivity of canvassing. This is a long step
forward towards the establishment in the Swan-
wick Conference a decade ago described to promote
multiformity of activity and reject centralized organiza-
tional. Members of the Movement who are voted in the
abstained
position as the Members of Parliament who voted for
the Means Test schedules. They had no idea of what
they were really authorizing. It required the events
of the last nine years to make them realize that inso-
far as unity in the Movement the progress of the great thing the
Secretariat has failed to preserve it and that instead of
the effectiveness of the Movement is the great thing
the Movement has tended to impair it by trying to alter
the maintenance of its activites. Buxton has
proved the wisdom of the "accretion"; and the result is
the coming conference at York.

Referring to this conference the following extract from
Social Credit of August 27, 1930, shows the attitude which
Douglas takes towards it.

Douglas Cadets must feel a thrill of pride when they see the advertisement we are displaying on page 128 of

There is only one thing to be deduced from it THAT
They have again PROVED RIGHT.

While others are saying and fearing and JINGO what
Douglas said for action, Douglas Cadets turned ACTION
with faith and self-control.

They were Right, and the last remaining fragments of the Social Credit knowledge it for, as a result of their loyalty, 14 persons see that beyond all doubt, Major Douglas has all along been right. That
ACTION is the only thing that can help the Movement.

They now call upon all, who see this objection to that to existing plans of ACTION, have not yet joined, to
join us, to help us, to protect us, by joining to ACTION, to come to a congress and see what form of
ACTION they will consent to pursue.

For your part, you cannot commit yourself too strongly
to the notice of all who are as yet to participate in the Kipling-
fighting bankers only with your嘴唇.

Perhaps it is not too much to hope that from much
discussion the Electoral Campaign could not
passionate competition with those forms of ACTION recommended by other sections of the movement, but any of
these that lead to secure do.

Major Douglas has again been shown to be at least
sixteen years ahead of any other leader, tactically,
strategic, statesman, or economic of his surroundings,
and all those who remain to him.

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The advertisement refers to is in exactly the same
sense as the one published in The New Age recently,
and the "44 persons" alluded to in the above
slogan are the promoters of the Conference whose
names are included therein. The keynote of this organiza-
tional of the York Cadets, to take Action. Calling of the York Cadets
in action prove them to have been Right to take

This contains some misstatements. "Assuredly
the question of use of the words "proposed," "spurting
politicians..." of the requirements of the York
Cadets was a mistake. The York Cadets were
right, but the York Cadets were not in action. To take Action. Calling of the York Cadets
in action, prove them to have been Right to take

"Action" being propaganda, and propaganda being
advertising, the purpose of the York Conference is that
discuss the merits of different methods of advertising,
propaganda, not of a person or an institution, but, as it was
pointed out, we are concerned only with advertising
results within the 5-year time-limit which Social Credit has
for the 5 years. We have just shown that although the
results were obtained in about 5 years the premises
were false. The results were obtained within the 5-year basis. The criticism has been proved
false, not incorrect. And the comments in question miss the mark completely. Of the new
people involved in the York Conference. By ignoring the declared purpose of the Conference
in considering Action, the York Conference is not
pressing out consideration by the Conference the
merits of the Electoral Campaign, because the
people eliminated the Douglas Social Credit
propaganda (or any propaganda not from the proper
social credit proposals). If, of course, you associate
with that campaign. If, of course, you have a
Social Credit Secretariat will now declare (what people of the Social Credit already know) that the electoral
step towards getting the Douglas Social Credit
propaganda, while the Society itself will
be adopted by the Government, then the campaign will
be within the Conference's scope of scrutiny and
within the Conference's jurisdiction. Of course, the
Secretariat will persist in the campaign.

In this frame of reference the Secretariat corresponds
to an advertising agency, in the sense that they appointed
them to advertise their selling campaign. The Society and
collectors and spenders of money spent the
Movement for that purpose. The whole
question arises. Have they directed the Movement's
energies and spenders of money to the best advantage? It is flagrantly irrelevant for their official
organ to say: "Look! These people going to York are not
the best thing, for they have been known to advertise the Secretariat's work was right—and these people who
once jeered at our advice and advised others not to
follow it have now been forced to acknowledge that we
were right."

The point is not whether advertising is right. Every
body affirms this. The point is whether a particular
advertising is right, in terms of the best interests of the
energy and money involved. Obviously the advertising
agents who sold their schemes to the Movement are the
last persons to answer the question. But equally obvi-
ously it is in the direct and indirect economic evidence which the
answer can be arrived at. They have only published
they have had the handling of something like £10,000. They claim that the circulation of Social
Credit is much more than that of every other in
movement put together. Well, the pig that eats all
the food puts on the weight. We expect a "popular"
tendency to beat a "non-popular" expenditure. But we
also expect that a journal designed to appeal to millions
shall not look into the question of advertising—they
have found that advertising is necessary—we say all
along that advertising was right—and these people who
once jeered at our advice and advised members not to
follow it have now been forced to acknowledge that we
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Everybody affirms this. The point is whether a particular
advertising is right, in terms of the best interests of the
energy and money involved. Obviously the advertising
agents who sold their schemes to the Movement are the
last persons to answer the question. But equally obvi-
ously it is in the direct and indirect economic evidence which the
answer can be arrived at. They have only published
one concrete bit of evidence, and that is the 1,000
(circulation or presses order) of their House Organ, 
Social Credit. Their House Organ, not the Movement's. Against this they have had the handling of something like £10,000. They claim that the circulation of Social
Credit is much more than that of every other in
movement put together. Well, the pig that eats all
the food puts on the weight. We expect a "popular"
tendency to beat a "non-popular" expenditure. But we
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What is Fascism?

Extracts from the Economic Foundations of Fascism. By
Dr. Paul Einzig. (Macmillan, 1936.)

P. 43.-"In accordance with the real interests of the
working classes as contrasted with their apparent interest,
lie (Mussover) preferred to provide them with work within
the limited scope of his own country, rather than prolonging their
employment by paying them dols."

P. 49.-"Any economists who are disheartened have
to grumble about it."

P. 54.-"Since the war (The Great War) emigration has
decreased; since the crisis it has been practically
checked. In fact, thousands of emigrants have returned
in every country. At the same time, the Government is
encouraging large families by fiscal and other facilities.
The crown obtained from draining and other improvements
solves the problem of employing the surplus population,
which would otherwise have increased the permanent un-
employment." Compare with—

P. 101.-"As those countries (U.S.S., etc.) were no longer
the source of cultivators, the surplus population was
be used for the purpose of creating new possibilities at home.
The development of agricultural production was eminently
suitable for this purpose."

P. 64.-"This increased curtailment of economic
freedom will be accompanied by a gradual restoration of
political freedom, which the people of the world have
desired and maintained in the long run, at the price of sacrificing
the freedom of economic activity which has hitherto been
guaranteed as indispensable."

Notice.

All communications concerning The New Age should be addressed directly to the Editor:
Mr. Arthur Brenton,
20, Rectory Road,
Chipping Norton, OX.11.
The Waterlow Case.

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

XI.

The LORD CHANCELLOR: I am very anxious to follow this part of the argument. What sort of condition ought they to have in this express service so as, as you say, to claim the damages that they are now asking? You did not give me a sketch of the notice that they would have put into the contract?

Mr. GODWIN SIMONDS: I must go back a little, the terms of the contract and that they will safeguard the plates and not allow them to be used for the printing of notes without the authority of the Bank. There is an express provision with regard to that, and they ought to be an express provision, if that term is not observed and notes are circulated in Portugal without the authority of the Bank, the Bank will have them whether they are genuine or whether they will not hold good, and they will be liable.

Lord WARRINGTON: "Any notes printed by us," it is not in notes general, but in the abstract.

Mr. GODWIN SIMONDS: Any notes printed by us will be taken at face value on this contract, which might be by the plate being stolen, the plates being stolen or by the printers themselves being decided that they were in the grand larceny.

Lord ATKIN: Must it be, "the notes will be honoured under any circumstances" or "may be honoured under some circumstances?"

Mr. GODWIN SIMONDS: "May" would be the statement as I understand it, that it had been the practice of the Bank to honour forged notes.

Lord MACMILLAN: "May" would be sufficient, which would be an indication they might incur such liability.

Mr. GODWIN SIMONDS: "May" would be sufficient, but the truth would be better expressed as "will" is what I say. The notice I suggest should be inserted should the Bank propose to take this course in effect, and it is necessary to take it. I humbly submit it is not in the usual clause that the Bank will pay forged notes, whether it be a bank of issue or whether it be a private bank; it is suggested it is the law of Portugal at one stage, or suggested as a difficult point, and therefore I call forth a contract which ought to be called to the attention of the printer.

Lord RUSSELL: The bill is far beyond this point, this is not fixing any point altogether.

Mr. GODWIN SIMONDS: It is not, but I was going on to say that you may not compel me to, at least, it is not in the usual course of things, if there be a note for £500, which are false, but not distinguishable by the ordinary eye, although they may be called in and until they are distinguishable, it will be obligatory on the Bank to pay the false with the true, I am not suggesting that as something outside the contemplation of the bank, but in which it is necessary to call on an issue, I am not suggesting that it is outside the contemplation of the contract, that the course been taken it may be necessary to pay the false with the true.

Mr. GODWIN SIMONDS: Yes, my Lord.
The Timing of Loans.

In previous articles under this title (The New Age, January 23 and 30) certain conclusions, to be noted later, were arrived at.

The illustrations to which reference is made took a unit loan of £100 and considered the effect of its repeated issue and retirement week by week during the progress of a series of operations ending in the appearance of a given quantity of consumable goods. Interim consumption was necessarily ruled out, because all the material dealt with was retained by producers until the end of the series. Each successive £100 was wholly available when paid out to individuals, for investment in the unfinished product every week. It was supposed to happen, and was the assumption on which the conclusion numbered "3" below rests. Here follow the conclusions.

1. The repeated issuing and recalling of bank loans amounts to the same thing as the using of the same money over and over again.

2. If for the time which each loan is granted a sum of £100 is used, the quantity of money in circulation remains constant throughout the life of the money.

3. On the assumption that no interim consumption occurs, or that the conditions described in "3," the amount of money at the end of the final cycle is decreased by the amount of investment money which has gone out of circulation.

3a. The same progressive disparity between the amount of money in circulation and the amount of money circulating at any one point on the life of the money grows at a slower rate. There would be necessitated by this disparity is that it could only be put to use of intertemporal consumption because the proportion of the product (money) that can be bought with that money. (In the illustration the £100 would buy half the product at the end of the stage. If the time taken had been six weeks (instead of five) the £100 would have bought only one-eighth of the product at the end of the first stage.)

3b. The same progressive disparity between the amount of money in circulation and the amount of money circulating at any one point on the life of the money grows at a slower rate.

4. The same progressive disparity between the amount of money in circulation and the amount of money circulating at any one point on the life of the money grows at a slower rate.

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LETTER TO THE EDITOR.

CAPITAL IN PRICES.

SIR,—The last paragraph of Mr. J. A. Franklin's in your issue of the 31st inst. has my whole hearty approbation as a Social Creditor.

"The community as a whole is in debt. Agreed. Then why are we treated as though we are in debt? Why are we still paying for the Napoleon of 1914?" The increase in external obligations is merely a representation of growing wealth.

Meaning, of course, the reason we are not in debt is because we are not, i.e., because our wealth is not up to the neck in debt. Is this absurd or nonexistent?

"Capital Assets are not a debt against the community. Agreed again. Well done, Mr. Franklin! Then why is the money we expected to bear the cost of the war? Having bought the raw stuff as well as the coal, the mine must either be handed to us or, more conveniently, the cash returned to us in the form of free credits. I think the word "Franklin's last sentence is evidently an "error."

The New Age, 827, 1936.