NOTES OF THE WEEK.

Aberhart and the Movement.

The New Era (Sydney) of July 24 publishes a heated attack, by Mr. C. Barclay-Smith, on Mr. Aberhart's policy. It is punctuated by expressions such as "political perfidy," "unshamed betrayal," "misanthropic," "lup service," "cat's humbug, and hypocrisy," "infamous nonsense," "commodious corruption of Social Credit," and so on. Aberhart's policy, says this writer, has caused a "set-back to the Social Credit Movement throughout the world...thrown it on the defensive, explaining and apologising..." and its "inevitable failure...will sally the name of Social Credit throughout the world, and add still more to the difficulties of its propagandists.

The grounds for this outburst are (1) Aberhart's initial imposition of extra taxes; (2) his appointment of Mr. Mason to advise him; and (3) his recent issue of "Prosperity Certificates" under conditions which amount to fresh taxation (i.e., the weekly stamping at the expense of the holder).

What has provoked Mr. Barclay-Smith to use such inflammatory language has been the receipt of letters from correspondents in Victoria and Victoria suggesting that final judgment on Mr. Aberhart is premature, that unqualified condemnation is not justified by the facts, and, lastly, that "it is in poor taste for a Social Credit paper to criticise a Social Credit Government..." To this he retorts that when a Government "fails to honour its election promises...it ought to be attacked." That proposition is sound enough, but in this case the question to be decided is: What were those promises, and how have they been dishonoured? We reviewed the material facts in this connection on July 6 and August 20 last; and they amount to this:

1. Aberhart's policy outlined in his election booklet was not Social Credit in a technical sense.
2. Advocates of Social Credit said so before and during the election campaign, and maintained that Aberhart had no right to call his policy by the name "Social Credit."
3. Aberhart, before and during the campaign, took up the following attitude towards this criticism. "All right," he said in effect, "if my plan is defective, you need not worry, because if I win the election I shall call in Major Douglas to make a real Social Credit plan.
4. Major Douglas, before and during the election, refrained from saying anything on this subject.
5. So when the electors went to the poll they voted with the understanding that if they voted for Aberhart they were voting for a plan which would be superseded by one designed by Douglas if defective.
6. Accordingly the overwhelming mandate which Aberhart eventually received was an optional mandate for him to (a) run his own plan, or (b) run one designed by Douglas.
7. Aberhart chose option (b), and called Douglas "Vicinity: when can you come?"
8. Douglas did not go.
9. Aberhart reverted to option (a).

The only definite promise that Aberhart made was item No. 3—to call in Douglas. Further, that promise was made to satisfy a tiny minority of Social-Credit voters who were informed enough to detect flaws in his plan. The great majority didn't care; they voted for Dividends, not for any particular way of providing them. They did not impose a time-limit in which Dividends would be distributed, nor did Aberhart bind himself to one. Indeed he could not do so in view of the fact that the time required would depend upon the plan, and the plan was to be decided by Douglas. Moreover, when the news of Aberhart's victory reached London Douglas told the News Chronicle interviewer that Aberhart would be well advised to "proceed by stages..." in other words, to go slow.

In these circumstances Mr. Barclay-Smith's reference to "Aberhart's Social Credit Hoax" is untenably and
The Social Credit Movement has been laid down—contrary to the "defensive" and "force" movements, and as an example of how past events have worked in the direction of Social Credit. The movement is justified, as the Social Credit Movement. The Social Credit Movement of the past has been a success. The Social Credit Movement of the present is a success. The Social Credit Movement of the future is a success.

Class D will have divided preferences for the various Social Reforms sponsored by Class C and so will Class A. Class B is a single reform, not an assimilation sponsored by Class A. In fact the principle of attraction of Social Reform operates within its class and between all of them. While exhibiting some superficial disarray it registers profound and serious. One reason is because the common observation of the reformers is that making the Social Credit formula the common instinctive feeling that the Money Power is in the hands of all of them. Another reason is that claims on behalf of every reform have been accepted by the Social Credit Analysis. Every reformer has to take his position from a new point of observation, and a common point of observation.

A third reason is that in some mysterious way as the discovery of the Social Credit Formula, and the exposition of its rationale, has diffused new hope in the hearts of all who had departed, and in the case of people who knew nothing about it. It is as if they had caught the scent of emancipation with being able to put it or the origin of it. Social Credit has transcended the intellectual boundaries of the few to the emotional truth of the many. You do not say: "Truth." But: "Bolles firmens its firm.

Now Movement bound together by a common faith in the feasibility of its aspirations need not be made secure at all points. Nor the development of the social system which is destined to bring about the double action. In chemistry there is something being done into another and see a cloudy precipitate form. If you have had been told to expect that the combined solution could be clear you would probably think that one (or both) of the ingredients will presently you will see the solution disappear. It has been thrown over on the occasion as the primary action, and is destroyed as the secondary action. You may pour one clear solution into another and see a cloudy precipitate form. If you have had been told to expect that the combined solution could be clear you would probably think that one (or both) of the ingredients will presently you will see the solution disappear. It has been thrown over on the occasion as the primary action, and is destroyed as the secondary action. 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On Debating Social Credit.

By John Grimm.

When advocates of Social Credit are challenged to answer criticism in the hearing of the public they are entitled to demand of the critic four pieces of information:

1. Whom do you represent? How many others besides yourself accept the validity of your line of criticism and wish to know what the answer is?

2. Is the critic trying to sustain his criticism of Social Credit that of establishing an alternative diagnosis and remedy to ours? If so—

3. What is your diagnosis and remedy? And, if you have one—

4. Do the people who accept your criticism of ours agree with you?

The reason why these demands can properly be made is the premise that the proposition is intended for public consumption. The advocate of Social Credit is entitled to be assured that a particular criticism so debated shall be one which, if met, will be of help to see the people as possible. That is the justification for Demand. If he is to be driven for the other there is that if the advocate of Social Credit concentrates on answering criticism coming from a person who avoids committing himself to an alternative affirmation he is as well, nothing more important, the public are watching the light with one eye shut. The advocate is thrown on the defensive without means of counter-attack. The public are thus deprived of the opportunity of making comparisons between alternative sets of proposals.

The public are not technicians. They cannot be expected to verify for themselves the Social Credit fundamental truths not in operation because they are unable to verify even that of the Money Monopoly Proposals, which are in operation. They are not to understand any alternative to something that they do not now have in operation before they are perfectly competent to understand collateral evidences relating to or emergent from a debate on technicalities. Nor can ‘one-sided debate as just defined’ be effective. By ‘one-sided debate’ is meant if instead of inciting the public to consider proposals submitted, the proposals themselves be made the hub of the argument.

The advocate of Social Credit can only recognize the need of these evidences through the argument technical factors which the critics have ignored. That the public cannot verify directly from experience. That places him in a weak strategic position, for in any case he appears to be evading a clear issue, and in any case is tactically suggesting to the public that they must take the study of the Social Credit Analysis into account. He requests the public to examine the capital costs on consumption prices. By doing this he works up against the inertia of the public, an inertia which they will consider justified by reason of the contradiction between theory and practice which the critics have succeeded in establishing.

This strategic disavowal would exist in any circumstances; but it would be greatly mitigated if the critics, having established the contradiction, used it as a support for a general diagnosis and remedy of their own. For example, suppose they said something like this—

“We have shown that capital is not charged in prices. By doing that we have destroyed the Social Credit argument. We have demonstrated a source of purchasing power in the present system. Therefore, we affirm that the incomes distributed by this system are sufficient to buy all the goods that can be produced, and prohibiting company-managements from making any provision, via price-charges, for the return of that money.”

Such a proposal would be the logical implication of their theoretical argument. It is the technicality of my arguments that I am trying to get the money of the investor to hand over to the consumer, and it is in that sense the critic is right. However, it is a fact that (as these critics must be held to imply) this surrender is necessary for him to achieve his end.

The proposal does not arise out of a consideration of the interests of industry by itself, why not legislate for the trade union? There would, of course, be some psychological obstacles (there wouldn’t ‘be’) and some urgency of reasoning against them. To persuade investors to keep their investments in the hands of the consumer, who, when he purchases a box of bread, is content with the exchange, and does not go about talking of ‘having my money in the airless industry!”

Thwarting the People’s Wishes.

“We are most of us under the conscious or unconscious delusion that it is only the mere boorish mentality, the sordidly base tenets of Social Credit are in total agreement in regard to the desirability of giving a line of action for it to be possible to obtain a useful and effective action in accordance with the wishes of the majority. We are brought up to believe that our Parliaments, as representatives of the public, exist for the purpose of putting into operation the penalties, exists it as a test of the real existence of the wishes of the people is a complete myth. It would be quite easy to say that, in any matters of real importance, it is desirable to thwart the wishes of the people.”

(Major Douglas, at Manchester, May 30, 1935.)
Capital in Prices.

The FACTOR OF PROFIT-TAKING.

I.-Hypothetical. The Closed Economic Area.

Industry does not make a profit. It cannot recover more from its customers than it first paid out to them. If it cannot wipe out its costs faster than it incurs them, its profits will be nil. This is a simple physical fact. It can do so as fast as it incurs them, because all its payments are received by its customers, and that which is paid to its suppliers is not paid back by them. Industry has made outside payments to its customers to pay for its raw materials, its wages, and its finished product. It has not, however, made a payment for that physical capital which is the raw materials or the human labor that went into the making of the product. It is customary to speak of this as a "profit." A pure physical profit cannot exist.

The Credit-Finance Principle.

Mr. Simonds notes that most of the money going to the credit-manufacturers is not paid for by the customers at the time of sale, but is simply turned over to them to be used in buying the raw materials or labor that make the product. This is known as the "credit principle." It is the principle that makes it possible for industry to make a profit without paying a physical profit. It enables industry to recover its costs without recovering its capital.

II.-Practical. The Open Economic Area.

Whereas Industry cannot make a profit in a closed economic area, it can make a profit in an open economic area. The open economic area includes all the economies of the world. In this area, the cost of labor and materials can be recovered, and the profit can be made.

The Banks.

The banks play a large role in this. They provide the credit that makes it possible for industry to make a profit. They also take a large share of the profit, in the form of interest. This is known as the "banking system."

The banks are not the only source of credit. Other credit-manufacturers, such as the credit-agencies, also provide credit for industry. These credit-agencies include the credit-societies, the credit-unions, and the credit-receivers.

The profit is the difference between the cost of labor and materials and the price paid for the product. It is the amount that goes to the credit-manufacturers. It is the amount that goes to the banks, the credit-agencies, and the credit-manufacturers. It is the amount that goes to the wealthy class.

The profit is not a real profit. It is a fictitious profit. It is a profit that is not paid out in real money. It is a profit that is paid out in credit.

The profit is a necessary evil. It is a necessary evil for the existence of the credit-system. Without it, the credit-system would collapse. It is the profit that keeps the credit-system going.

The profit is a real evil. It is a real evil for the workers. It is the profit that keeps the workers in poverty. It is the profit that keeps the workers in debt. It is the profit that keeps the workers in misery.

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planning in production and distribution to its logical conclusion, the progress of prosperity in a Fascist State would still be handicapped by an orthodox monetary policy. In that case, and in that case only, the Fascist State would probably not hesitate to throw orthodox monetary principles overboard.

P. 84, chap. IX.—"Banking in the Fascist State."—"... The banks have retained their individuality and independence. ... In Italy the Government carefully avoided taking advantage of the crisis to bring under its control the banks which required its assistance. ..."

P. 100.—"Only by appealing to their nationalistic sentiments could the Italian masses be induced to submit in the long run to the inevitable curtailment of their economic freedom, and to co-operate wholeheartedly by means of the Corporations ..."

P. 109.—"The Sphere in which the similarity between the aims of Fascism and those of Socialism is most striking is that of banking and finance."

P. 110.—"It is thus evident that the aims of Fascism and of Socialism are to a very great extent identical ... to a very great extent Fascism is Socialism."

P. 117.—"Only by scientific planning can the cyclical crises be avoided; and it is within the framework of the Corporate State that efficient scientific planning on a capitalistic basis can be consolidated in the most favourable conditions with individual initiative."

P. 120.—"When the author asked, some time ago, one of the most intimate friends of Signor Mussolini to what extent stability in Italy was due to the system and to what extent to his personality, the answer was that, until a few years ago, it was due wholly to Signor Mussolini, but that now it is only due to him to an extent of about 90 per cent."

P. 126.—"Some Albertans Salazar, who has been, and will remain, virtually the dictator of Portugal, has already proved his remarkable capacity for enforcing discipline in the economic system of his country. Without any external assistance, he has succeeded in balancing the budget and stabilizing the escudo ..."

LETTERS TO THE EDITOR.

EDDINGTON BY-ELECTION.

Sir,—As readers may be aware, a by-election will shortly take place in the Eddington Division of Birmingham. A National Candidate contested this division at the General Election, and it is proposed, if there is sufficient support, to nominate a Social Credit candidate for the by-election. A number of contributions have already been received, but much more is required if we are to put up a good fight. Offers of assistance should be made as quickly as possible to the undersigned.

S. P. Amas.
Chairman, Birmingham Douglas Social Credit Group.

A + B

Sir,—Mr. J. E. Humphries' excellent article on A + B raises a point which I think should be brought to the notice of those who may quote the figures which he gives, and others of a like nature.

In each case the "Gross Value of Output" represents a mass of costs which must continue to flow through the various channels of industry until they finally reach consumers' markets. The channels may at times be long and difficult, but sooner or later consumers will have to defray these costs in the prices of the goods and services they buy, and as they reach them in their final form. That is broadly true for whole groups of industries, but there is one pretty large and comprehensive group for which it is only partially true; and that is the group which may be summarised under Contracting and Factory Building.

In so far as these industries are engaged in renewing worn-out plant and equipment for salient concerns, the costs will not flow along until they eventually reach consumers' markets; they will be met on the spot by the owners of the worn-out plant. These owners hold the sums neces-

sary to defray the contractors' costs because they have already collected them from consumers, through the agency of depreciation charges, in prices spread over a number of past years. In other words, consumers have already paid. But, for any given year, the total costs of output of this group must, for the purpose of the Social Credit argument, be reduced on this account.

I fear it is impossible for Mr. Humphries or anyone else to obtain the properly adjusted figures for this group interesting as they would be. In a year during which this group was engaged chiefly on new contracts and only slightly on new construction, it might well be that wages and salaries would be in considerable excess of the costs remaining to pass on to eventually to consumers. Taking all industrial groups there can be no doubt that the figures, after the above discounting process has been carried out, would overwhelmingly confirm Mr. Humphries' statements; but it should be pointed out that the discount must be allowed.

FORTHCOMING MEETINGS.

London Social Credit Club.
Public meetings at Blewcoat Room, Cavendish Street, S.W.1.

September 11, 7.45 p.m.—"Social Credit or Civil War" by Mr. Peter J. Hand.
September 17, 7.45 p.m.—Open Night.
September 24, 8 p.m.—Central Hall Demonstration. Captain H. M. Rushworth, M.P. for Bay Island, New Zealand, will speak on "Social Credit in the Antipodes."

NOTICE.
All communications requiring the Editor's attention should be addressed direct to him as follows:
Mr. Arthur Bristow, 20, Heyett Road, Barnes, S.W.12.

PUBLIC MEETING.

Captain H.M. RUSHWORTH, M.P.
(Formerly House of Representatives) on
SOCIAL CREDIT IN THE ANTIPODES
at the
Central Hall, Westminster on
THURSDAY, SEPTEMBER 24, 1936
at 8 p.m.

Chairman: Mr. J. Ewart Parves, F.R.C.S.

ADMISSION FREE. Reserved Seats 1s. & 2s. 6d.

COLLECTION.

Tickets may be obtained from Miss Ann Page, England's House, 14, Lower Regent Street, W.1; "The New Age" Office, 20, High Holborn, W.C.1; "The New English Weekly" Office, 38, Cowcross Street, E.C.1; "The British Isles" Office, 26, London Place, W.C.1; Dr. Joyce C. B. Mitchell, 2, Hunting Common, Kent (56451) at 2 d. each; 2, Bromley Common, Kent.

Meeting organised by the London Social Credit Club.

Published by the Proprietors, "The New Age," 70, Manor House, London, E.C.1. Printed by E. C. Brown and Co., 146, London Road, W. England. £1 1s. 6d. net, and 7s. 6d. net in U.S.A.