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HARGRAVE'S OFFICIAL REPORT ON VISIT TO ALBERTA.

REPRINT FROM REPORT.

Alberta's Resources—Basis for Dividend—Stamp-Scrip Failure—Hargrave and the Planning Committee—Hargrave's Strategy: "Imprisonment" of the Government—Can Bankers Evict a Social-Credit Administration?

Alberta

The Hargrave Report

The Report made by John Hargrave on his visit to Alberta will have been published by the time that these comments reach our readers. At any rate its date of publication has been fixed for July 20.

* * *

By the courtesy of the author we have been allowed to select for reproduction any extended passage which we consider is reliably typical of the whole compilation. The result of our choice is printed elsewhere. Older readers who examine it will be reminded of the record of Major Douglas's first examination in Ottawa which we published subsequently under the title: Canada's Bankers and Canada's Credit. That book was concould be circulated at the time. The chief merit of it, appeal on account of the dialogue-form in which the matter was set out. It was question and answer nearly dialogue to as great an extent as the nature of his story permits. Perhaps we should say, requires; for there is sufficient drama in the circumstances of his visit and the verbatim conversations. Again, Hargrave has the flair for making a story come alive. He draws vivid pictures out of material which many other writers would find dull and intractable. The passage where he describes his with his commentary, concerning the Stamp-Scrip experiment, is a good example.

Yet, brilliantly as the Report has been written, it is a names, places, and events—to recounting who was who reasons for the advice that he gave and the action he took. Lastly he reproduces in a short Appendix the text of the Planning Committee's final Report which politics have here everything that they need to form a sound judgment; and nothing calculated to warp it. They can now size Hargrave up as a writer, an organiser, an expositor, a draughtsman, a tactician, and a strategist, heads by applying their own knowledge and judgment to book.

It reveals an extremely valuable piece of work done, and in fact, when you realise the state of uncertainty among Ministers, Members and People alike about where they were and what should be done, you almost get a shiver at the thought of what might have happened if Hargrave had not packed his bag and slipped across just when he did. Moreover, as we believe our readers will generally agree, the effect of his work has been to straighten things out for Major Douglas (or his representatives) to carry on. As regards the much canvassed "Hargrave Plan," which was the one piece of work which might (for it has not been disclosed publicly before) have encroached on Douglas's sphere of prerogative and hampered his strategy, we hear, unofficially, that the Secretariat procured a copy of it a short time ago and saw no reason to criticise it adversely. In fact it is not a Plan: it is too widely drawn to carry that inarrow designation. It is rather a foundation on which almost any Plan can be set up provided that it incorparates the essential principles of the authentic Social Credit remedy.

Most readers will be especially interested in the facts given about Alberta's natural resources and the potentialities of prosperity contained in them. We may note in passing that both Mr. Powell and Mr. Byrne have reint passing that both Mr. Powell and Mr. Byrne have recently felt able to assert that a Dividend is technically cently felt able to assert that a Dividend is technically that the fact that even as things are now based partly on the fact that even as things are now the financial value of the wealth exported from Alberta the financial value of the wealth exported from Alberta is always "enormously greater" than that of the wealth is always "enormously greater" than that of the wealth is always. In terms of food, fuel and shelter she is impregout." In terms of food, fuel and shelter she is impregout." In terms of food, fuel and shelter she is impregout." In terms of food, fuel and shelter she is impregout. The terms of food is the tires to cure this vulnas Hargrave points out, if she tries to cure this vulnas Hargrave points out, if she tries to cure this vulnas Hargrave points out, if she tries to cure this vulnas Hargrave points out, if she tries to cure this vulnas Hargrave points out, if she tries to cure this vulnas Hargrave points out, if she tries to cure this vulnas Hargrave points out, if she tries to cure this vulnas the usual conditions) she will only make it harder to the usual conditions) she will only make it harder to the usual conditions) she will only make it harder to the usual conditions on the help of outside capital on the thing to do is to start in with Social Credit now and the thing to do is to start in with Social Credit now and the thing to do is to start in with Social Credit now and the thing to do is to start in with Social Credit now and the thing to do is to start in with Social Credit now and the thing to do is to start in with Social Credit now and the thing to do is to start in with Social Credit now and the thing to do is to start in with Social Credit now and the th

secretly. Even so, they had to leave oil free to go there until Italy had got all she wanted.

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* * We base our own attitude in favour of a bold policy on the fundamental calculation that the flaw in the bankers' financial technique is creating a flaw in their political strategy; and that whatever Alberta does to correct the financial flaw will expose the strategic flaw. The microbes of the new experiment will get inside the skin of the old institutions, just like those influenza germs in Wells's story wiped out the omnipotent Martians. It has been said that what is true on one plane is true on all planes. And in the same sense one can affirm that applied error on one plane will repeat itself on all planes. To apply this to the present case, the unsound and anti-public nature of the present financial system on the plane of technique will compel the bankers to make mistakes in their attempts to defend that system or attack the right system, that is, mistakes on the plane of political strategy. This is not a matter for rational elucidation, but a matter of intuitive con-

Apropos of this, when Hargrave appeared before the Social Credit Caucus he was asked what he would do if he were Prime Minister of Alberta and the Courts invalidated his essentially Social-Credit legislation. His reply was to the effect that he would ignore it and carry on. Questioned as to penalties, e.g., the dismissal of the Government (presumably à la Philip-Game ramp on Premier Lang of New South Wales) he observed that, if the Government refused to shift, it would have to be turned out by physical force. Could they (the Caucus) see the Dominion Government sending troops to Edmonton to turn out a popularly elected body of legislators from the Legislature to which they were sent, and for doing what they were elected to do?

viction. It is too true to be proved!

* * Nobody can work out the answer. But if one postulates unity of purpose and resolution of spirit among the People and their Government there is plenty to make the bankster interests hesitant about using open force, and, a priori, hesitant to seek the Court's authority to use it. No; depend upon it, the creeping error in the costsystem is creating confused counsels in the legal system. Did not five learned Judges in the House of Lords split apart, three against two, on the answer to the simple question: What is the value to a Bank of Issue of an unissued note?—its face value, or its value as printed stationery? Yes; and further: What forced the disclosure of this ludicrous exhibition of divided judgments? First, the shock escapade of the famous M. Marang, and secondly the consequential panic among the directors of the Bank of Portugal. The panic infected the Bench-for it is on record that at an early hearing in one of the Portuguese Courts the Magistrate broke down and wept!

Nobody can prophesy what the bankers may not do wrong if they are hustled and caught on the wrong foot. It is true, as Hargrave told the Caucus, that a good deal of the "element of surprise" had been dissipated since the election; but if the Government cannot do anything surprising it can yet do something that has not been done before—which is the next best thing. And it may be added that if Douglas's undisclosed strategy contains some surprises into the bargain, the chances of winning back lost ground and advancing beyond it are promising.

In the meantime the Hargrave Report shows us the general picture of, as it were, his rolling out of the pitch for the next Test Match. He has acted as coach to some of the selected players. He has bowled to them at the nets. They have got a little confidence. He has called them into the dressing room. He has wished them luck. He has rung the bell for the first innings to commence. And now he has come home to join other veteran Social-Creditors in the Members' Pavilion overlooking the field

of play. Members of Social-Credit movements in all parts of the world are assembling in their places. Here come the umpires. Who's won the toss? Wonder if he'll take first knock? Is body-line barred? Or is it a friendly grade of a friendly game? . . And now, in an atmosphere of watchful expectancy, the spectators await the appearance of the special expectancy. ance of the players on whom the Selectors have staked the prestige of the World Movement. .

Hargrave in Alberta

[Extract from his "Official Report" as Honorary Social Credit Adviser to the Alberta Government Planning Committee.]

First Meeting of the Planning Committee

The first meeting of the Planning Committee the day before by Premier Aberhart, took place at 4-30 p.m. The following were present: Dr. Cross, Mr. Fallow, Maynard, and Mr. Ansley, with Hargrave called in as adviser.

The first part of the meeting amounted to no more than an informal talk. Of those present, only Mr. Ansley appeared to have any clear grasp of Social Credit principles.

Dr. Cross gave a very brief outline of what the position was when the Aberbart administration took over from the

was when the Aberhart administration took over from the U.F.A. Government in American took over from the bad been U.F.A. Government in August, 1935, and what had been done since. It appeared that the Social Credit Government had found themselves to the social Credit Government had been social Credit Government in the social Credit Gover had found themselves faced with the problem of a virtually financially bankrupt Province, and had introduced Adjustment legislation and the Prosperity Certificates scheme.

Hargrave asked, at this point, if he might put some questions to the tions to the committee, and the following questions and answers give an indication of this part of the proceedings:

—" How do you consist for the fact that the Prosperty -" How do you account for the fact that the Prosperty
Certificates failed to circulate?"

-" A great number of the fact that the Prosperty

-"A great number of people refused to co-operate with e Government in this scheme. the Government in this scheme. They wouldn't accept the Certificates. Then, again, the financial interests sent men certificates tendered, and not to circulate them." certificates tendered, and not to circulate them."

-"Didn't you foresee that would be likely to happen We

"We thought to co-operate."

"We thought people would be willing to co-operate inhad 250,000 covenants signed, including about 200 from portant business forms in which they undertook to co-operate portant business firms, in which they undertook to co-operate -" Did you yourselves, as Cabinet Ministers, accept any

of this stamp scrip in payment of salaries?

"No."

- 'No." Matever? ''
- "Was it possible to use stamp-scrip in payment of

—"No."
—"The Prosperity Certificate Act came into force on September 1st, this year. Is it true that the Provincial Treasure was authorised to redeem, out of the general revenue of the Province, the face value of any valid Certificate presented to him a few weeks later?"

"Yes."

"Yes."

"Is it any wonder that stamp-scrip, non-acceptable and therefore practically 'repudiated' at the point of issue (that is, by the Government itself), not usable for payment taxes, and redeemable at full face value in ordinary bank money a few weeks after the date of issue, failed circulate?"

The three Court

circulate? "

The three Cabinet Ministers made no reply, but Mr. Anslading and the scheme was a hopeless muddle, and had agreed that the scheme was a hopeless muddle, nothing to do with Social Credit.

Hargrave put forward the view that it was a little prising to find a Social Credit Government, elected to prising to find a Social Credit Government, elected to scheme instead, and then—quite apart from the factous the whole theory of "depreciating money" is fallacious doing it in such a way as not even to conform to the Gossel formula.

As the meeting appeared to be drifting, asked what, exactly, it had been appointed to would not appointed the Hard It was explained that the Party Caucus Aberhart appointed this committee to draw up some embodying definite Social Credit proposals to be be some to be asked to "sit in with" the committee and official and the As there was no one in the chair at the moment, and the grave enquired who was the chairman. Dr. Cross replied

that he was supposed to be chairman. Hargrave next asked whether there was an agenda. There was no agenda. Hargrave suggested that perhaps it might be useful to keep a minute book so that it would be possible to know what had taken place at each meeting. It was explained that they "were not so strict about those sort of things out here" and the solution of here," and that meetings were carried on in a more "free and easy" manner than in the Old Country. Hargrave suggested that it might be possible to have a stenographer who could take notes of certain parts of the proceedings of the proc of the planning committee, so that there should be some record for reference of what was discussed and decided. The chairman, however, still deprecated this suggestion so Hargrave dropped the matter.

The chairman, having taken his place, said that what they wanted was "a definite plan." Hargrave replied that he understood that was what this committee had been appointed to

appointed to work out.

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Chairman.—" We are hoping to have your assistance." Hargrave.—" I am willing to help in any way I can."

Chairman.—" Would you be willing to write us a report?"
Hargrave.—" No, but I am willing to advise on any report drafted by this committee."

Chairman,—"You wouldn't draft out a report for us?"

Hargrave.—"No, that is the work of the committee. I am only here to advise. I am not a member of the committee."

Chairman.—"If we gave you an office to yourself in the Legislative Buildings here, Mr. Hargrave, with a dictaphone, telephone, stenographer, and anything else you needed. needed, would you be willing to get us out a plan in the form of a report that we could discuss and have ready for the Property of the Propert the Premier when he comes back from his holiday at the coast?"

Hargrave thanked him, but declined.
He was not very much impressed by this committee, so far, and it was necessary to see a little more clearly whether it might be possible to give a lead in the right direction

Further discussion revealed that within the last few weeks some 150 to 200 business men and firms had written letters rope. months previously undertaking to co-operate with the Government in the control of ernment in its attempt to issue provincial credit. Almost every one of these letters contained such wording as: "After consulted the second of these letters contained such wording as: "After consulted the second of consultation with our bankers we have been informed that if we such as those which if we support unorthodox experiments, such as those which appear appear to be contemplated by the present Government . . . our credit our credit could not be guaranteed, and therefore we feel

compelled to withdraw from the undertakings entered into when we signed the covenants . . ."

Nothing whatever had been done by the Government to counter this obviously concerted action on the part of the bankers.

Hargrave said:

You ought to place financial penalties upon any banking institution that fails to co-operate with the Government, and still heavier ones if there is any kind of pressure brought to bear by these institutions upon any citizen or association. to bear by these institutions upon any citizen or association of citizens in Alberta—or any threat of such pressure, as in

this case.*

"As it is, you are allowing antagonism to develop between the business men and the Government. You are allowing the bankers to take up a position where, by means to dictate what is and what is not to be the economic policy of this Province, against the against the decisions of the properly elected Government returned by an overwhelming majority of Albertan electors and empowered by them to implement the principles of Social Credit.

Unless you take steps to expose this bankers' dictation, begin and begin at once to put an end to it, any chance you may still have of setting up a debt-free economic system, in quietly filched from you. That is what is now happening. quietly filched from you. That is what is now happening-rinally, you will get into such a state of political and finan-cial y, you will get into such a state of political and finan-force confusion. fostered and exploited by the enemy—that there will seem Magor and the taking over of this Province for administration by Commission. confusion—so many points of antagonism will be by Commission, as in Newfoundland."

The use of governmental controls to end financial dictatoralthough of course, depend upon Premier Aberhart, and, where the vehemently denounced the financial interests

*The Alberta Government has the legal power to do this.

and their "blocking tactics" over the radio, there was never any sign of effective action. He seemed, on the contrary, to sidestep every opportunity of taking such action.

The first meeting of the planning committee came to a somewhat indecisive conclusion, and the next meeting was called for Monday, December 21.

Element of Surprise had been Lost

It was now necessary to consider afresh the whole situation regarding the possibilities of Social Credit in Alberta.

The outstanding feature was the tendency to let matters

Those M.L.A.s who stood for real Social Credit, saw clearly that nothing had been done to introduce it, but that a great deal had been done to confuse the issue. They were wide awake to the fact that Social Credit was being allowed to "fade out," and were becoming more and more openly

critical and restive. The incipient revolt of these M.L.A.s could not, at present, ought to be done. They themselves were not sure what ought to be done. They were not, and did not pretend to be, technical students of Social Credit. Nevertheless, most of them were anxious to make certain that the pre-election promise of \$25.00 a month "basic" dividend should be kept.

That was the one hope.

But how had this deplorable state of drift come about?

The element of surprise had been one of the chief factors in the days immediately following the General Election of August 1935. That, obviously, should have been and could have been an advantage to authentic Social Credit direction. Every student of military strategy knows the value of such an advantage, and no commander in the field dare ignore it.

Aberhart's victory at the polls was in itself a surprise. It came as a bolt from the blue. A Social Credit Government had been returned by a huge majority! For a few days it was a world-story in the press. Perhaps no one was more sur-prised by his landslide victory than Aberhart himself.

"Victorious! When could you come?"—read Aberhart's

"Victorious! When could you come?"—read Aberhart's cable to Douglas of August 24th, 1935: a cable more famous in Alberta than Nelson's signal "England expects..."

The financial interests in the East were not quite so taken by surprise, perhaps, as the rest of the world. It might be shown that they had their fingers on the pulse—if not actually "in the pie"—long before Aberhart made his first "Social Credit" radio address.

It is said that the bankers in the East smiled contentedly when they heard that William Aberhart was to be "Social when they heard that William Aberhart was to be "Social Credit" Premier of Alberta. For all that, they were faced with uncertainty between August 22nd and October 10th. They could not tell what might happen, for there were other factors to be considered besides the personality of the Prophetic Bible Institute preacher. That created a hiatus of hesitation. And that was the time for action. Nothing

was done.

By October 10th the bankers had their Mr. Magor appointed as "financial adviser" to the first Social Credit Government in the world.

Government in the world.

The element of surprise, so essential to success when swift and decisive action is called for, was not exploited.

Certain directives were given, but, if they were to be carried out effectively while the psychological tempo of the whole community was ace-high, roaring full-throttle, and ready for anything—and before any effective opposition could make itself felt—it required someone on the spot who knew what he was doing.

make itself felt—it required someone on the spot who knew what he was doing.

No one went.

No one was sent.

The people of Alberta were completely bewildered by what Aberhart—over and over again on the Radio—called "Douglas's refusal to come out."

Months later Hargrave found the Social Credit M.L.A.s equally bewildered. Time and time again they came to him and said:

"Why didn't Douglas come out?" and said:

"If only Douglas had come out at the beginning . . ,"
Why doesn't Douglas come out ?" "Why doesn't Douglas come out?

A blight of helplessness and hopelessness seemed to have settled upon the whole situation. Here and there amongst the M.L.A.s, individual revolt flared up and came to nothing. If anything was to be done to retrieve the position it was vital to rally a majority of the M.L.A.s.

Setting up an Impersonal Focal-point.

Hargrave perceived in the appointment of the planning committee, an opportunity of setting up an impersonal focalpoint upon which all those who stood for genuine Social Credit might rally in an attempt to surround the Government with solid support for its own pre-election platform-reduction of taxation, "basic" dividends, and retail price

Premier Aberhart could not go back on that. All genuine Social Credit advocates would be eager to keep the government to its pre-election programme. And so also would any anti-Social-Credit factions. Here was the possibility of taking the government "prisoner," surrounded by its own supporters, and its opponents, who, closing in on all sides, could stand united in the demand that it begin without further delay to take the necessary steps to implement its very definite election promises: "You promised these thingsnow put them into operation."

" It was essential that there should be something upon which the Social Credit M.L.A.s could unite; something other than the somewhat enigmatic personality of the schoolmaster-preacher; something impersonal and unemotional.

Reason rather than Rapture.

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It was with this in mind, after very careful consideration of all the factors in play, that Hargrave now decided to draft certain recommendations in the form of a report based upon technically sound Social Credit principles, rather than leave it to the planning committee.

If such a report could be brought intact through the com-If such a report could be brought intact through the committee, and approved by the Party Caucus, it would be possible to turn any attempt to sidetrack it, or bungle it in application, into the signal for an effective revolt of the M.L.A.s, and in this way it might be possible to end the long-drawn-out drift away from Social Credit and regain the

Within twelve weeks this line of action proved effective.

Alberta cannot be Starved out.

The recommendations drawn up by Hargrave were based upon a diagram which he had originally worked out for his own better understanding of the problem. This diagram own better understanding of the problem. This diagram makes clear the economic structure, together with the import-export "flow," necessary in operating any Social Credit mechanism in Alberta at the present time.

[A diagram appears here in the Report.—ED.]

In considering this diagram, it may be helpful to give the typical argument which was frequently put forward by Social Credit students as well as those who held that Social

ocial Credit students as well as those who held that Social

Credit was unsound in theory. For example:

"Social Credit is impossible in Alberta because, quite apart from the constitutional problem, something like 86 per cent. of the consumable goods used in Alberta are imported. They would have to pay for these imports in ordinary bankmoney. These imports include clothing, boots, automobiles, and the consumable of the consumation of t radios, machinery of all sorts, and a thousand and one other necessary products, as well as all sorts of luxuries. Until Alberta has been fully industrialised and can produce most of these things herself, Social Credit is out of the question."

Such an argument might seem to dispose of the whole thing, at any rate until such time as Alberta had been industrialised, which would take at least 10 years, and probably more. No one asked "Where is the money to come from?" to finance this intensive industrialisation of a so-called "bankrupt" Province. Such financing would have to conform to the orthodox bank-loan debt-system, and, because of that, the problem of introducing Social Credit into a fully industrialised Alberta would be far more complicated than it is at the present time.

However, many people said:

"What a pity Social Credit should be attempted in a Province like Alberta where they only produce wheat and meat and a few other things—the worst possible place to make a start, don't you think?"

Hargany's reply were always "No."

Hargrave's reply was always "No."

—"But you don't think it's a good place to try such an experiment?"

Hargrave's answer was, "Yes, in some ways it could hardly be better," and when asked why, he said:
"Because the Albertans cannot be starved out. They produce an approximation of the starved out.

duce an enormous surplus of wheat and meat for export, exceeding their own requirements. They have ample dairy produce, as well as sufficient vegetables and fruit for their own consumption. And there is any amount of fish and game. They cannot be starved out. That is vitally important. So for as food and shall sufficient vegetables are self-support. far as food and shelter are concerned, they are self-support-They are not only able to produce all the food they need, but all the materials necessary for building are there, including timber. The money-ticket system has to be made to reflect the facts of the actual production of real wealth."

"But if Alberta used her own credit-tickets wouldn't it be impossible for her to pay in bank-money for such absolutely necessary imports as boots, clothing, and machinery?" To this Hargrave pointed out that it would be perfectly possible, because: the total financial value of real wealth value of real wealth imported.

OFFICIAL REPORT

ALBERTA

A DOCUMENTED RECORD OF MR. JOHN HARGRAVE'S VISIT TO THE PROVINCE OF ALBERTA DEC., 1936 - - JAN., 1937

Incorporating a review of his activities Honorary Social Credit Adviser to the Alberta Government Planning Committee

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This Report deserves to have a prompt and these arculation in all parts of the world. Hence these arculations to avoid delay.

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Forthcoming Meetings. LONDON SOCIAL CREDIT CLUB. Blewcoat Room, Caxton Street, S.W.I.

July 23, 8 p.m. "Social Credit and Personal Freedom.

By Mr. Edgar J. Saxon.

July 30, 8 p.m. "Social Credit and Personal Freedom. July 30, 8 p.m. "A Business Man Looks at Credit," by Mr. A. F. Anderson.

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