

# THE NEW AGE

INCORPORATING "CREDIT POWER."  
ORGAN OF THE NEW AGE SOCIAL CREDIT SOCIETY

No. 2371] NEW SERIES Vol. LXII. No. 16. THURSDAY, FEBRUARY 17, 1938. ANNUAL SUBSCRIPTION TO THE SOCIETY 30s.

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### Canadian Notes

Just after we went to press last week the news reached London that the Supreme Court of Alberta had dismissed the appeals of Mr. Unwin and Mr. Powell. Thus the sentences—three months' and six months' hard labour respectively—have to be served, and the two gentlemen are reported to have surrendered their persons to undergo the penalty prescribed by law.

According to the *Daily Express* Mr. Aberhart, as Attorney General, had meanwhile demanded their release from the Dominion Government, but was officially informed that the Government "could not interfere with the autonomy\* of the Provincial Courts."

This reply is clever as a retort, coming as it does to a Premier who is insisting on the principle of autonomy as applied to the internal affairs of Alberta, and, by extension, to those of the other provinces in Canada. But it is not a wise reply. Its style of formulation as a short-term dialectical weapon becomes a weakness when its purport is examined as a long-distance interpretation of constitutional law.

Furthermore, even as a dialectical weapon its logic is defective. For the autonomy of a province, which Mr. Aberhart is standing for, is the autonomy of the provincial lawgivers—the elected Government representing the ultimate lawgivers—the people of the province. The word autonomy cannot be applied in the same sense to provincial law-interpreters and law-administrators—i.e., the courts in a province. It is, at best, a relative and restricted autonomy, not an absolute and unfettered autonomy such as belongs (of course in theory) to the people and their elected Government.

The test is this: can the courts make or alter the law? They cannot. Therefore they are not autonomous. They are like the automatic machines on the railway platforms, which deliver what is in them indiscriminately to millionaire and pauper alike when the right coin (or a good imitation!) is put in the right slot.

The cogency of the Dominion Government's reply is further blunted because the law which was broken

\* Since this article was set in type we learn that the word "autonomy" was not quoted by the *Daily Express*: the word was: "functioning." (We had relied on a correspondent's quotation from that paper.) This change weakens some of our points, but strengthens others; so we leave our comments unaltered.

by the convicted men is not a provincial law, but a Dominion law affecting all Canadian subjects. If Mr. Aberhart's Government had possessed the right to pass laws of libel for the province of Alberta, they would possess the right to repeal or change the law, to clarify its interpretation, or to regulate the character of the penalties for breaches. Hence, supposing that Mr. Unwin and Mr. Powell had been indicted under an *Albertian* libel law the Albertan Government would not have needed to demand their release from the Dominion Government. They could, indeed, have forestalled the conviction by exercising their legislative powers as just described. And, what is more, they could have pleaded high precedent, which is as follows.

In 1931 a Mr. F. H. Hamilton was party to an action in a London Court, the other party being the Inland Revenue. As the action proceeded it looked as if Mr. Hamilton's submissions and arguments were going to succeed. So the Inland Revenue got Mr. Snowden (then Chancellor of the Exchequer) to hurry through the House of Commons some fresh legislation to "clarify" the then existing law. This clarification consisted in a re-interpretation designed to prevent the Court from giving judgment in Mr. Hamilton's favour. He complained that this intervention, after an action had begun, had set a new, unjustifiable and dangerous precedent. Some correspondence was published in *The Times* about it. We do not know the date, but we commented on the matter in our issue of June 25, 1931, which must have been not more than a few days after the correspondence appeared and not more than a few weeks after the offending legislation had been passed. The reason why the Inland Revenue did not wait to alter this law until the action was over was because this was virtually a test case affecting many other taxpayers, and a judgment in Mr. Hamilton's favour would have let them also into participation in the reliefs or benefits which he was seeking. New legislation passed after such a judgment had been delivered could not have upset it nor disallowed the reliefs and benefits which the Court had decided were valid under the law as it stood before the "clarifying" legislation was passed. For it is an established principle that laws shall not have retrospective applications and consequences. Hence the Inland Revenue had to hurry up and alter the law before the Court had pronounced judgment.

So, you see, the doctrine now preached by the Dominion Government that they "cannot interfere with the autonomy of the Provincial Courts" invites

careful examination. Could the Dominion Government, supposing that they have thought it advisable, have "clarified" the law of libel in such manner as to have brought about the failure of the prosecution of Mr. Powell and Mr. Unwin, or to have modified the penalties previously left to the discretion of the Courts? If they could have done so then they could, by doing so, have "interfered with the autonomy" of the Courts—including that of the Provincial Courts, for these have to administer Dominion laws according to the same rules as apply to the Supreme Court of Canada. Obviously anything which limits the discretion of any Court "interferes with its autonomy." Lord Hewart's book, *The New Despotism*, is a compendium of proofs that the Government can, and does, interfere with the autonomy of the Courts.

The Dominion Government would have been better advised to state simply that they were unable to exercise the function of a Higher Court of Appeal. For then, if there were no other legal tribunal entitled to do this (which is said to be the case) the question would arise whether the Government had the power to exercise, or invoke the exercise, of clemency. Since in this country a Home Secretary can reprieve a murderer (presumably without interfering with the autonomy of the Criminal Court) is there some equivalent officer of State in Canada who can do an equivalent thing? Suppose a petition were to be organised and widely signed by Albertan citizens, is there any Minister of State (Canadian or British) who could be constitutionally asked to consider it and advise (ultimately) the King? We are incompetent to answer these questions; we are content to exercise the right to ask them and wait for the answer.

From our point of view as laymen it seems a curious thing that the Dominion Government should claim the power to disallow the acts of lawgivers while disclaiming the power to disallow the acts of law-administrators—that they can kick the Legislative Assembly of Alberta, but must spread their mantles for the Supreme Court of Alberta. We can see that a Government has no right to interfere with the process by which trained jurists arrive at their judgments, but we submit that a Government has the right to vary a given judgment or its consequences in certain circumstances.

In the case of Mr. Unwin and Mr. Powell the question arises: Is it in the interests of public policy that these men should (a) suffer the stigma of guilt, or (b) pay the penalty in the form and to the whole extent in which it was prescribed? We do not offer an opinion; we are contending that the Government has the right to form one and act upon it. The function of a Court ends when it has pronounced judgment to the best of its ability. Nothing that happens subsequently is an interference with its autonomy, which is a purely functional autonomy. The Court's autonomy is its freedom to perform its function; and nothing more.

Nor ought it to be more, because among other reasons, there are often causes of action involving merits outside the jurisdiction of the Court. "We can't go into that" is a familiar interjection from the Bench. So is another remark, namely: "The consequences of our judgment are unjust, and the complainant (or defendant) has our sympathy; but we must apply the law as we find it; and the remedy for the injustice must be sought in an alteration of the law through Parliament." The late Mr. Justice McCardie died from brain-storms caused by this conflict between his impulse to exercise autonomy in accordance with his conscience which embraced the whole of the merits of a case, and his functional duty to disregard a part of these merits as reserved from his jurisdiction. In the case of the poor woman who killed her eighth child his proper conscience strove for acquittal while his technical conscience strove for condemnation.

He knew that if he pronounced sentence it would have been remitted, but his soul revolted at the idea of laying on her the stigma of murder, and of submitting her to the ordeal of hearing the sentence of death. This episode brings out the distinction between the autonomy of the Court and the autonomy of the Legislature. In fact Mr. Justice McCardie was driven to his grave precisely because his Court did not possess that autonomy which the present Government of Canada declares to be the prerogative of the Provincial Courts. (*I find, when I would do good, evil is present with me. O wretched man that I am: who shall deliver me from the body of this death?*)

Apropos of "autonomy" the question may be asked: Has a Royal Commission autonomy in the sense that a Government must not disregard its findings? For ostensibly the Commissioners are experts to whom the Government remit certain questions, together with terms of reference within which they are to be answered. Yet Governments are free to disregard the answers entirely—and have frequently done so. On the face of it one might question the right of lay Ministers thus to flout technical Commissioners. But on a deeper view the Ministers can claim the right precisely because the Commissioners' jurisdiction has been limited by the questions set for them and the terms of reference imposed on them. Autonomy belongs to the body exercising unlimited jurisdiction. Hence Commissioners are not autonomous, and, for the same reason Courts of Law are not autonomous. The findings of each are, in a fundamental sense, no more than recommendations which the Government take into their wider field of survey.

Notice that we do not speak of the Government's *unlimited* field of survey, for that field belongs to the bankers. The bankers inspire the laws passed by the Government, and for that reason the judgments of the Courts normally coincide with the policy of the bankers. The rare exceptions happen when, by some oversight, the wording of an Act leaves loopholes for liberty, as in the case of Mr. Hamilton's action previously noticed, whereupon, as we have seen, the mistake is rectified by "clarification," and the Courts thus headed away from judgments which do not coincide with the bankers' policy.

For the same reason the Courts are able to invalidate legislation which does not coincide with the policy of the bankers. This does not mean that a sovereign Government like the British Government could be permanently prevented from enacting and enforcing new legislation obnoxious to the bankers, but it means that in order to do so the Government would have to re-design the old laws under which the Courts were logically compelled to pronounce the invalidity of the new. Law must be consistent with itself. Law abhors graft people's law into bankers' law just as you cannot graft anything living into anything dead. Law abhors contradictions. And what a Court does when invalidating new legislation is to point out a contradiction and forbid it. In theory a Government might pass its new legislation regardless of the contradiction, but there would be a crop of anomalies automatically arising out of enforcement, and these would impair and ultimately destroy the Government's effectiveness and prestige. In this context the Courts perform a wise service when they test new legislation by reference to old legislation. But, by the same token, the Courts would become superfluous as arbiters of contradictions if a Government legislated to change the underlying principle of the old legislation. Competent as they are to discover and condemn contradictions arising from attempts to improve the working of the old in terms of its principles, they are clearly incompetent to pass judgment on legislation deliberately based on a new set of principles. It is one thing to condemn legislation as impairing the bankers' system of co-ordination, but

quite another to condemn legislation designed to supersede that system itself.

This argument supplies the reason why a Government proposing to put in Social Credit will best establish their right (legally and morally) to ignore the Courts as arbiters, if they design their legislation, both in character and scope, to disclose manifestly to all beholders that they intend to make a clean break from old principles on all planes (financial, political, legal, and social)—as clean a break as, for instance, the substitution of the turbine for the reciprocating engine. Speaking of turbines, Sir Charles Parsons had much the same problem to solve as has Mr. Aberhart. He had to cope with the slide-valve-and-piston types of mind which, not realising all the properties of steam, misjudged what it would do in a mechanism which enabled and assisted those properties to do their work in accordance with thermo-dynamic laws. If you imagine that he had had to submit his theory to a Court of Law representing such types, you will see what a lot of contradictions they would have discovered if they had approached the case with the assumption that the design of a turbine should fit in with the design of a reciprocating engine. But the Courts of Law as we know them to-day are doing this very thing.

## The Debate Where Are We?

The answer is: Somewhere. In the first place all the parties will presumably agree that incomes precede investments in time, i.e., that investments are made out of incomes. Exception: bankers' investments made with new credit. (Vide Mr. McKenna's speeches.)

The case brought against Social Credit rests on the submission that investors do not receive their money back. They buy capital out of income and do not charge it to consumers in prices. The conclusion is drawn that consumers are left with sufficient income to buy all the products which have not been invested in.

The counter-submission is that industrial managers collect charges in the prices (ultimately) of consumable goods, the proceeds of which they expend in further investment. Thus they deliver only part of the balance of products theoretically available for consumers available to buy in return for all the consumers' income available to buy them. This is an overcharge by under-delivery. The margin of undelivered products becomes new capital. The monetary value of this new capital figures as reserves in industrial accounts. Being capital, it is not subsequently charged to consumers. By the same token it is not delivered (nor its equivalent in any form whatever) to consumers.

The issue between the parties can be illustrated by this example:—  
A bank loan of £100 is issued, spent, and received as income.

Of the resulting production £60 worth is sold to consumers and £40 worth to investors.

The £100 returns to the bank and is cancelled.

A new loan of £100 is issued and used as before.

Question: (a) Will consumers now get £60 worth of the new products as before? Or (b) will they get, say, £50 worth for their £60, the £10 balance becoming an industrial investment-reserve, with the result that investments are now £40 (first loan) + £40 (second loan) + £10 (second loan reserves) = £90?

If (b) is the answer, is there any factor which will arrest this tendency towards the contraction of consumption and the expansion of investment?

These vital questions have emerged from the debate; and though the answers are not easy to agree about, the emergence of the questions themselves has made the debate worth while.

But its continuance in its present form is not a pleasing prospect; and we are considering what shall be done about it.

## The Telling Word

By John Hargrave,

Author of "Summer Time Ends."

the word "dynamic" is not, in itself, dynamic no matter how often that word is repeated the repetition of it will not produce a dynamic effect the words "social dynamics" are not socially dynamic in themselves they have no power such words can only become dynamic in two ways: (i) when spoken by the tongue they may be charged with power by tone-of-voice, and by the lilt or cadence of the spoken soundtrack: (ii) when written they may be clothed with power by the style of the writer, which may be looked upon as the tone-of-voice-lilt of the written word expounding the "social dynamics" of history does not, in itself, change the course of history: it cannot make history

words denoting "power" are not, in themselves, powerful

explaining the working of a mechanism does not generate the impulse to make the mechanism, or make it work

a word is not powerful until it is filled with power by the human being using it

then the word is used powerfully it will have a "telling" effect: it will "tell" us something

words that do not tell anything are not powerful a good storyteller must "tell" a story

the word "tell" is from the word (Icelandic, *telja*: Danish, *tale*) to tell a tale

to tell a tale is to tell a "tell"

and to "tell" is closely connected with counting

telling has to do with things and a time-sequence

"go on—go on—what happened next?" says the child excited by the suspense of the storyteller's time-sequence

"no, no—it wasn't just a rabbit, it was a White Rabbit!"

the child is anxious that the tale should be "telling" and a White Rabbit is more "telling" than a rabbit

it is one thing to be a student of "social-dynamics" quite another to be a social-dynamic ideopraxist (one who puts ideas into practice)

both depend upon the use of words

the student to understand what has happened

the idea-doer to make things happen: to shape events

if an idea is to pass into action it must pass through and be charged with power by the ideopraxist

it is possible to be both student-and-ideopraxist but unusual

as a rule, such double-action results in "split-personality"

for the man who is able to make things happen "history is bunk"

and, for him, the study of "social dynamics" (or any other "dynamics")

is waste of time and energy

if he does not take this view

if he does not leave it all off his back

"history" will get him down

he will know too much to dare to act

his mind will be clogged with facts

his tongue stuttered and stopped with doubts about facts

a dynamo that begins to study electro-dynamics will cease to be a dynamo

the lights will go dim . . .

the trains will slow . . .

nothing will happen . . .

the dynamo is busy studying dynamics

poor old dynamo

and if the student imagines he can become dynamic by studying "dynamics"

he is being led, or leading himself, far astray  
into the bogland of the sound of a phrase  
"Knowledge is Power"  
that slogan has to be restated  
power to use knowledge is power

if a man is bedridden, you will not cure him by saying  
"come, bedridden man, study the dynamics of  
locomotion"

what are the words of power?  
take up thy bed and walk!  
telling words

but are you sure that if you said them  
the man would get up—and walk?  
not quite certain, I think?  
you probably know too many facts about his disease  
to be free altogether from doubt . . . ?  
the "power," then, is not in the telling words  
but in the living energy of the person who utters them  
is, in fact, that person  
haven't you been told  
the kingdom of heaven is within you? (and me)  
of course, there is a technique  
but studying the technique will not generate the power

3 snowdrops in the grass outside  
hang like 3 frozen snowflakes  
startling as 3 sharp-clinking notes chimed on a glass  
powerful frailty  
they are there in spite of the "liquidation" of kulaks  
in spite of "Joy-through-Work"  
in spite of "Mussolini-is-always-right"  
in spite of everything and everybody  
they fight for life  
(so do I  
and you?)

3 "shocktroopers" on our side: let's sing  
"three, three, for the lilywhite boys  
clothed all in green, O!"

all right: that's that  
to get what we want we have to fight with words  
let's fight!

the words must "tell" something  
what?  
what I could have, if I could get it  
and

Asmight (God-strength) to get it  
the words must be telling in that sense  
blue-prints for pressure-politics campaigns are not  
enough

text-books and lectures on "social dynamics" are not  
enough

you'll have to tell me a story  
and you'll have to be able to tell me a story  
that will seem more real to me than "reality"  
so real that I begin to live inside it  
and you must live inside it too  
and the main thing about it all is  
that I need not have bankers' debt-money  
that I am to have tickets-for-goods when I want them  
(and you) because there is plenty of everything  
for you and me and everyone else

and we have to get the power to do that  
no matter what the bankers say or do  
and we shall probably only get the power to issue debt-  
free tickets-for-goods to ourselves against our ability to  
produce-what-we-want

if we first of all get governmental power  
and then plunge in—and do it!  
no matter who says it's "unconstitutional"  
we must make it "constitutional" by doing it  
in the time-honoured manner

the mere urge to get bread-and-butter is not strong  
enough to have a dynamic effect in a servile state

(we are not prehistoric hunters hunting on our own)  
it has to be bread-and-butter urge plus  
plus what?

plus what "I" still may be—if "I" can once get free!  
can you tell me that?

can you tell me that in such a way that I shall forget you  
are telling me: so that I shan't hear your words as words  
—the picture-story so bright and clear that I think it is  
happening to me? (then it would begin to happen)  
if you tell me I shall have "individual freedom"  
it won't be enough . . . I've never had it (the way I  
want it)

and, anyhow, the words are too vague to move me . . .  
"economic security" is not enough either . . .

I understand that wheat will not be burned  
nor fish thrown back into the sea  
but that is not enough either . . .  
I understand that war will be a thing of the past  
there will be peace . . . and culture  
and therefore leisure . . .

less crime . . . better health  
slums pulled down, or blown up . . . new and better

towns  
and no poverty-stricken people anywhere

but you don't tell me what will happen to "me"  
you don't tell me what will happen to "you"

we shall have food, warmth, shelter, you and I, all we  
need

and what so-called luxuries there may be  
"yes—yes—go on—what happens next?"

you must tell me in "telling" words: in words that live  
now

no use saying "a better world" . . . that is too big  
too windily blown like a big overblown bubble  
(and the words are adynamic, now: faith in them has  
been evaporated by political windbags and idealist-plan-  
chatterers)

do you tell me I shall be able to do what "I" choose?  
that's better (if I know myself . . .  
but do I "know myself"?)  
listen . . .

you must sweep all this away with the run of your tale  
you mustn't give me a chance to "chip in"  
(except with a breathless—"go on, go on!")

you must tell me a new alchemy  
that will do the trick  
you must tell me that I can do it  
(you and I, together)

that what stops us is only a spinning of words  
(we'll smash through that word-web of orthodox  
economics)

you and I, together—and take what we want!  
it's there for us to use, all that we need  
real wealth (goods and services)—time—speed—  
slowness — thinking sharply — doing nothing —

dreaming . . .  
we'll make our dreams come true!  
"ask, and it shall be given you," says the bible-book

let's ask!  
and take, as given, and use  
"God helps those who help themselves" (you remember  
that?)

let's help ourselves!  
here's a new Gospel of Leisure and the Work we want  
to do

with our own debt-free tickets-for-goods  
as the "cash nexus" of our own credit-power  
and the bankers can do the book-keeping (and be paid  
for it)

you see those telling words on the dividend-ticket?  
"transfer goods and/or services to the value of (so  
much)"

that is the "open sesame" of our Power Age  
this is where we crawl out—or burst out—of our

caddis-worm casing, and spread our wings in the sun  
(you and I, together)  
sure, you have wings . . . all God's chillun got wings  
what'll we do?  
what won't we do!

one time we'll build a new town: and if we don't like it  
pull it down, and build another  
you'd rather go fishing up the river? all right, then  
what's to stop you? . . . not me  
we'll travel at 300 m.p.h. halfway round the earth  
and the rest of the way on foot, just for fun  
you'd rather stay at home and smoke a pipe? . . . well,  
why not?

we'll turn every sound into its own colour-vibration  
how's that?  
you'd much rather have a garden to potter about in?  
we'll show 'em how to print with light, instead of ink?  
much prefer a round of golf?  
we'll fit radiotelephones in every home?  
you'd rather have no telephone at all?  
right, we'll leave you out: that's easy . . .  
we'll take down all advertisement hoardings—good  
idea?

no one'll want 'em (they don't now)  
you're too busy growing apples? . . . well, that's all  
right

tell you what: we'll go for a walk, just anywhere  
and not come back till we choose?  
you'd rather go on a luxury cruise? . . . splendid  
we'll use sun-energy direct for driving machines?  
not interested? you'd rather go to a dancehall and  
dance?

we'll make a dancehall worth dancing in?  
in Xanadu did Kubla Khan  
a stately pleasure-dome decree  
you only want to dance in it? . . . well, let me design it?

but best of all—  
(listen, now—)  
we'll unlock laughter!  
yes, that bit of paper with "transfer goods and/or"  
on it

will do the trick: you might not think so, but it will  
and we'll unlock words  
words worth hearing: words that sing and shout  
not the flat adenoidal chat of creditless men  
afraid of losing their jobs, and half afraid of Time  
we'll take a hold of Time and jump on his back  
and ride him cowboy!—we'll make him go where we  
want

Past—Present—Future!  
no desire to do that? well, every man to his taste  
but you wouldn't mind if I did? . . . no, I thought not

laughter and talk, you say, and tricks-with-Time  
is that all? . . .  
what d'you mean—is that all?

is it WORK you want?—if so, there's plenty for you  
and it'll increase goods and services for me (and you)  
what kind of work would you like?—there's all sorts . . .  
work? certainly, sir, step this way to the Work  
Department

does he show any particular "bent"?  
(rather like being a schoolboy again, isn't it?)  
what are you going to do when you leave school, my  
boy?

no idea? . . . ah, well, there's plenty of time, I suppose)  
plenty of TIME . . . think of it!  
there was "plenty of time" then, and you never  
knew what you wanted to do, did you?

well, there's plenty of TIME again (imagine it!)  
to find out what you want to do  
and you won't be left stranded  
you won't have to take the first job that offers  
you'll have time to look round

time to find the kind of job that might suit you  
plenty of time . . .  
because of those magical bits of paper  
your dividend-tickets that allow you to live  
that no one can take away from you  
your unearned income—your birthright

just think for a moment  
(and don't be as "dumb" as a dumble-dor-beetle!)  
isn't that a New Age we've opened up  
(you and I, together)?  
shall I tell you what it is?  
it's a new heaven, and a new earth!  
it's far more than that—  
it's a new "you" (and me)  
isn't that a new alchemy?  
it's the land-where-men-go-free!  
isn't that el dorado?  
isn't that the promised land?  
this is where you dip yourself in the healing river  
(me too) . . . this is where we are made clean  
after that: I can't enslave you: you can't enslave me  
we're through with the work-wage debt-system  
for the first time in the history of the species  
we're free to be what we would have been  
free to be what we really are!

and, don't forget, you are much better than you think  
much better than you seem to think, anyway  
(so am I)

aren't we fit to go free?—who says not?  
you must be a poor worm if that's what you really think  
but you don't (I know, because I don't  
and you and I are not so different, after all)  
no, sir, we're not a shoal of earthworms  
we've got hold of a dream here: the biggest dream on  
earth!

that "dream" is a "gleam"—of common sense  
and we're going to set to work to build a trap  
a trap to catch that dream: and we're going to catch it  
and that "trap" is only a scrap-of-paper  
plus the courage to issue it, and force it into use  
amongst ourselves, for our own benefit  
here in the British Isles

**Social Credit Party of Great Britain  
and Northern Ireland**  
(THE GREEN SHIRTS).

**TWELFTH ANNUAL DINNER AND DANCE**  
This will be held at the Three Nuns Hotel, London, E.C.3  
(adjoining Aldgate Underground Station), on Saturday,  
March 5, 1938. Reception by Mr. and Mrs. John Hargrave,  
7 p.m. Dinner, 7.30 p.m. Dancing, 9.45 p.m. Tickets,  
3s. 6d. each, from the Dinner Convener, National Head-  
quarters, 44, Little Britain, London, E.C.1. Early applica-  
tion is essential; accommodation last year was fully booked  
in advance, and late applications had to be refused.

**Forthcoming Meetings.**  
**LONDON SOCIAL CREDIT CLUB.**  
Blewcoat Room, Caxton-street, S.W.  
Feb. 18, 8 p.m.—"Can Britons Become Free?" by Mr.  
W. H. Wigley, of Ipswich.  
Feb. 25, 8 p.m.—"Neither 'Right' nor 'Left'—but  
Straight," by Mr. E. J. Saxon.

**Meeting at Central Hall.**  
The London Social Credit Club are organising a public  
meeting at the Central Hall, Westminster, to take place on  
March 31. Readers willing to assist by selling tickets or in  
other ways are asked to communicate with the Club at  
headquarters, Grand Buildings, Trafalgar Square, S.W.

**Notice.**  
Letters from "Norman Conquest" and Mr. A. Barr are  
held over for reasons of space.

## Books to Read.

*Assignment in Utopia.* By Eugene Lyons (Harrap). Here are one or two quotations from this very important book which I noticed last week. Quoted from Dostoevsky's *Brothers Karamazov*—

"Tell me yourself, I challenge you, answer! Imagine that you are creating a fabric of human destiny with the object of making men happy in the end, giving them peace and rest at last, but that it was essential and inevitable to torture to death only one tiny creature—that baby beating its breast with its fist, for instance—and to found that edifice on its unavenged tears, would you consent to be the architect on those conditions? Tell me, and tell me the truth. 'No, I would not consent,' said Alyosha softly."

"The original ideals of the Russian revolution are in the stream of human thought; not a million Stalins and GPU's can change that. . . . What happened in Russia twenty years ago will remain a frontier in time, token of the deepening twilight of the capitalist era."

"The logic of Russia's struggle for survival as a State, coupled with absolutist government, has landed it in the camp of desperate and militant conservatism."

"Leftist fascism—looking to an absolute State that planned and controlled all economy—was a large element in putting both Mussolini and Hitler in power; . . . The Fascist approach to human problems, the moral putrescence that stripped the Socialist hope of its ethical and progressive associations, must be fought under whatever labels they are paraded. A Marxist label made the poison more deadly."

"I, too, was infected by the disease. I was ready to liquidate classes, purge millions, sacrifice freedoms and elementary decencies, arm self-appointed dictators with a flaming sword—all for the cause. It was a species of revenge rationalised as social engineering. Then I saw these things in full swing and discovered that the revenge was wreaked on the very masses who were to be saved by that cause. I found that the means are more real than the professed end; that they harden into a system of power and privilege which must postpone the end in order to maintain itself. Having seen the putrescence where the disguise was most convincing I have found the courage to declare that I am a humanitarian, that I respect the truth and that I abhor the vivisection of human beings for their own good."

"In the knowledge of the Russian experiment I am able once more to affirm without shame the value of such things as justice, humaneness, truth, liberty, intellectual integrity, and human dignity. From the Russian mistakes I have drawn the strength to assert that without these things social systems can only be variations of the old injustice. I have seen that movements for economic change are worthless, even dangerous, as soon as they throw off respect for life, for liberty, for justice."

"A nation trapped, trapped physically, with blood hounds and machine guns and death sentences guarding the frontiers to prevent people from escaping, with a passport system to prevent them from moving freely inside the frontiers, with endless ukases and threats to regulate their existence. Trapped intellectually, with every thought prescribed and mental curiosity punished as heresy; the new literacy seemed an additional taunt, sharpening the appetite while denying it sustenance. Trapped spiritually through the need of pretending enthusiasm for the knout, genuflecting to hateful images and practising hypocrisy as the first law of survival. In the past the word freedom had been whispered in secret caves, but now punishment was too swift and too deadly. There was no longer even the solace of martyrdom for the defiant; a technique had been evolved for breaking their spirit and dragging them into the limelight for slobbering confessions of guilt."

"The last pretence that the workers owned the State was dropped—the State frankly owned the workers. . . . People under dictatorships, it has been well said, are condemned to a life of enthusiasm. It is a wearing sentence. Gladly would they burrow into the heart of their misery and lick their wounds in private. But they dare not; sulking is next door to treason. . . . There is something monstrous in a dialectic materialism which exploits in order to end exploitation, which flouts elementary human values in the name of humanity, which fortifies new classes to achieve a classless society, which, in brief, presumes to be as heartless as history, instead of opposing its dreams and its hopes to history's heartlessness."

"Liquidation of the kulaks as a class" for sixty-five days in 1929. "For sheer volume of piled up cruelties there

are few comparable spans of time in all human history. The ruthless crushing of more than a million better-to-do or less tractable families."

"The only certainty is that the Kremlin stands neck-deep in blood. . . . The cumulative and gigantic sacrifice may be justified ultimately, when history's record is clearer, chiefly as an object lesson how not to make revolution."

Mr. Lyons, back in America, is apparently still all at sea, believing there must be some decent way out but finding none. PAKEHA.

## LETTERS TO THE EDITOR.

### THE LANDLORD BOGY.

Sir,—

#### "FREE COURSES."

"It is rumoured that a General Election may be held this year. In a world beset with dictatorships, free choice of Government is more than ever a valued privilege, and all men and women will want to use their votes to the best possible advantage."

"A knowledge of the laws governing the production and distribution of wealth is necessary for this purpose, and those who are interested in such fundamental economics are invited to apply for particulars of the free courses run by this school. Details of the spring term, now commencing, will gladly be sent upon application to R. P. Gardener, Henry George School of Economics, 13, Theobalds-road, Holborn, W.C.1."

Would you say this letter, in the *News Chronicle* of February 8, is unconnected with your quotation from a bankers' journal, which appeared in *THE NEW AGE* for February 3? L. P. WALKER.

### QUESTION TIME.

Sir,—Mr. Franklin asks Mrs. Best for a direct answer to a few straightforward questions which are right to the point. May I answer them?

"Must an investor, in order to avoid bankruptcy, obtain from consumers not merely a price to cover his running costs and to maintain his assets undepreciated, but, in addition, the money he originally gave for the asset?"

Yes.

"At what point does an investor expect to have both his undepreciated asset and the money he gave for it?"

At the point where obsolescence of the undepreciated asset renders it uneconomic to operate in competition with equipment of recent design. By the time this point is reached the investor expects his original investment to have been recovered from consumers and to be available either as cash or reserves.

"Where and how can Mr. Franklin make such a marvellous investment?"

Wherever the directors of the firms concerned have sufficient ordinary business acumen to make provision for obsolescence as distinct from and in addition to provision for depreciation.

"What right has he to expect to be able to make such an investment?"

The right of every investor to expect of his directors that they shall make this very necessary provision. L. B. FORREST.

Sir,—I find many of Mr. Franklin's lucid explanations of the fallacies of Social Credit hard to follow. But if everything really is for the best in this best of worlds I would like to know how to account for the following:

1. That the wealthier a country becomes the more its debt increases.
2. That since 1860 the population of Australia has increased fourfold and her public debt has increased one hundred-fold.

Examples of general and universal facts. Where are the creditors? J. W.

## 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 the office.

## DEBATING SECTION.

### FROM J. A. FRANKLIN.

Sir,—Last week, in an attempt to make clear the nature of the controversy over "capital costs in prices," I dealt mainly with the true-blue Douglasites who argue that consumers have the two costs of capital assets to defray—

- (1) the original cost;
- (2) maintenance.

I would like now to carry the exposition further, still based on Mrs. Best's letter printed last week, to which I hope your readers will again refer.

We must now deal with those contributors to the debate who have not argued for (a) plus (b); they are concerned solely with problems which seem to them to arise from (b) alone. In my view they are not rightly Social Creditors as they have either rejected or never adopted Major Douglas's own case. However, these contenders—I will call them individualists—split the (b) costs into those for

- (1) Current upkeep,
- (2) Renewals or complete replacement of a long-term nature.

Some argue that charges under both these heads cause a deficiency, others stand for (2) only. I feel that the arguments for and against have been presented in the debate and I do not propose to go over them again. Mrs. Best correctly repeats the general answer which must be made to this group. It is "that capital is being renewed and replaced at the rate it is depreciating," and that, therefore, the flow of payments to consumers must equal the flow of payments made by them. She then says that this is not correct for "in time of depression capital declines." But I had already pointed this out myself. Every economist realises that if industrialists fail to make good the wastage of plant, there follows a slump in industries supplying capital goods, a consequent slump in consumers' income, and deterioration of capital equipment. (But this is something quite different from the chronic, continuous deficiency Douglas envisages, and it is not due to shortage of resources, but to failure to use them.) Conversely, a rapid increase of capital goods will produce boom conditions, consumers receiving more than they are paying in current charges. The fact that this is not a perfectly even flow does cause trouble, but that is not what troubles Major Douglas.

Now to come to my manufacturer "Z." I agree at once that my example does not touch Mrs. Best's case. I wrote it because she had left what I have called the "true-blue Douglas" camp and joined the "individualists." It is important to realise the difference in the making good of the two different "deficiencies" which the two groups envisage. They must be of an entirely different nature. The "true-blues" say that consumers at no time receive the money to pay the original cost of the manufacturer's fixed capital. They are quite right. If they were also right in saying that consumers have to find money for that purpose then it would follow logically that any such money given to the manufacturer, to recover his legitimate costs, as Mrs. Best says. In fact, let it be repeated, the legitimate costs do not include any such item.

But the case of the "individualists" is utterly different. They see well enough that full depreciation costs are at some time or other paid to consumers, but they think it happens too late. They view Z as building up a £10,000 depreciation fund for, perhaps, ten years by making charges for the purchase throughout the whole period, but not using the fund until the end of the ten years. They really argue that consumers need financing for ten years in such circumstances. If, or if they were so financed, then they would have no need of, or right to, the £100,000 when Z was ready to expend it, for he would be returning to them money to pay charges which they had already paid. Much of the confusion over "cancellation" is caused, in my opinion, by the disputants not realising that they have differing opinions as to what precisely is the nature of the gap they think needs to be closed.

Mrs. Best raised several minor issues, most of them concerning what she sometimes mistakenly believes to be my personal views. In order to confine the debate to essentials I am not offering any comment on these sidelines.

### FROM GLADYS F. BING.

Sir,—I am sorry to have disturbed Mr. Franklin so sadly, but I plead not guilty to any of the solecisms of which he, in his pain, accuses me.

Twice in the course of this debate I have asked Mr.

Franklin to tell us where profit comes from if it is not charged into prices, and if it is then surely the prices must be greater than the sums distributed to pay them; if not, why not?

That I query the source of profit in the same breath as I query interest is because, as I have repeated many times, the two are economically without a difference. They have the same effect in creating the price-income gap which is the subject of this debate.

Why Mr. Franklin should be aggrieved that I impute to him the ridiculous assumption that he borrows money at 5 per cent. to pay himself profit I know not, for he solemnly assures us that he borrows money at 5 per cent. to pay his busipal X a profit. He seems to be entirely ignorant of business practice. Indeed, when a purchaser buys a house on an overdraft he not only never receives the £5 interest (in an overdraft he not only never receives the £5 interest (in an overdraft he not only never receives the £5 interest (in an overdraft—the vendor gets that. The borrower starts away at zero to collect the interest, and sometimes the principal also, in prices.

But Mr. Franklin's confusion is beyond my elucidation. (1) He bewails my associating the cost of interest and the cost of profit in the bookstall illustration because, he says, "Profit is not, as is interest, a cost of production, but it is charged into prices." (We will avoid asking how one collects costs in prices if the cost is not a cost, and therefore not an income.)

(2) In Supplement IV, he agreed with me that there is no difference between profit and interest.

(3) In no less than three supplements he has insisted that interest is not a cost of production.

(4) He now asserts that interest is a cost of production and profit isn't. (Quotation above.)

I can do no more than pray for light. A discussion of Marx is not entirely relevant to this debate except in so far as it bears on the price-income gap. In no sense did I impute to Marx "the idea that interest could not be paid in the long run or for the community as a whole." Mr. Cole is accurate and lucid when he says that "Surplus Value is the source out of which rent, interest, and profits are paid." My case is that the payment inflates prices beyond the level of incomes—and Marx saw this fact. In his analysis of money he begins, as usual, at the beginning, where exchange-tokens are created to equate with commodities, so that complete exchange can take place. But when he reaches the financial-credit stage he writes thus: "The modern system of national loans. . . . The sary supplement to the system of national loans. . . . The increase in taxation, due to the accumulation of debts that are contracted one after another, makes it necessary for the Government to have recourse again and again to fresh loans. The modern fiscal system therefore bears within itself the germs of automatic progression."

Thus does Marx recognise the fact that interest can only be paid by borrowing fresh principal (at interest) to pay it. The automatic progression of loans is the eternal flow of new loans into the gap between incomes and prices created by the usury-cost of issuing the loans.

Taxation, of course, is a means used to collect interest on national loans, and it is therefore an instrument of price-inflation (as Marx said), precisely as rent is the means of collecting interest on land-loans; and interest (per se) of collecting usury on industrial and profit are the means of collecting usury on industrial loans and trade ventures.

To Mr. Coleman: It is true that every bar of soap bears the cost of maintaining and replenishing a continually perishing soap-factory. But these costs are distributed as incomes in the processes of replenishment. They do not inflate prices beyond income-level. But the cost of interest—although a distributed income—does inflate prices beyond income-level because it is a cost in excess of the principal to create and cover it. It is a subtraction from the automatic progression cited by Marx and well known to Douglasites.

I fear I do not grasp Mr. Coleman's need when he asks for "an instance of capital goods, as such, being taken out of the industrial system." A machine, a taxi-cab, a shop—these are capital goods, and all, in physical fact, pass out as soap passes. While they exist they are required to yield a rent of so much per cent. upon the sum of money spent to create them. This rent is charged in prices, quite apart from, and in excess of, the charge made (and distinct) to maintain and replace them. When the machine, the cab, or the shop cease to yield a rent they are smashed up or left derelict—like the factories in Lancashire and the mines in Wales.

## FROM J. A. FRANKLIN.

Sir,—Mrs. Bing's letter is proof in itself of the necessity of taking one thing at a time. If I say that all my furniture is made of wood I do not expect to be accused of contradicting myself if later I say that some is oak and some mahogany. I stated that there is no difference between profit and interest in respect of the fact that both determined the final allocation of claims upon industrial output. To her remark numbered (3) I return a flat denial. I have said throughout that interest is a cost of production and that profit is not—though it should not be necessary to have to emphasise that distinction. Before one can talk about horses with Mrs. Bing one has patiently to explain that the animal has four legs—and she promptly denies it.

It is because of this non-acquaintance with the mere elements of the subject that she cannot see that while I could not pay myself a direct profit out of borrowed money, nevertheless, it may often suit me to borrow money and pay interest which is profit to the lender.

Her example of the house is an unfortunate one because it does not concern industry. Naturally, the purchaser would borrow only the principal. He will pay the interest out of his own income; it will be a deduction from his income and an addition to that of the man or concern to whom he pays it. It has nothing to do with an addition to total prices. If Jones, who is in receipt of an income of £500 a year, buys a house with an overdraft from the bank at an annual charge of £50, he then has £450 a year for other purposes and the bank has the extra £50 a year. Not a penny is added to the price of production costs anywhere nor any deficiency caused.

I will try to put the position in regard to interest as an industrial cost (which is what really concerns us here) quite simply and request a direct answer from Mrs. Bing:—

(1) If I borrow £100 from X, and his condition for lending it to me is that he shall be employed in my business for twelve months at a salary of £5 (I am, of course, using Mrs. Bing's own token figures), I presume that Mrs. Bing would not attempt to deny that the £100 would finance the business in the form of £5 paid to X and £95 paid to others and that total costs are distributed.

(2) Now, if I borrow £100 from X and, instead of remunerating him for actual work done, I pay him £5 just the same, then, according to Mrs. Bing, there is at once a discrepancy, for she cannot see that the £5 payment to X remains, precisely as before, one of the distributed costs of the business; £100 is still used to pay £5 to X and £95 to others.

But perhaps she can now see the absurdity into which her views lead her. As I have said before, interest is a payment of wages to capital just like the payment of wages to labour. If I pay £5 wages to Bill Smith, my costs are £5, and I have distributed £5; if I pay £5 interest to De Vere Smythe my costs are £5 and I have distributed £5. If those two payments were all I made then the total costs would be £10, against which I had distributed £10. The interest payment causes no gap whatever between costs and purchasing power.

Nothing would delight me more than to follow up Mrs. Bing on Marx, but it would be unfair to ask space for that purpose here.

## FROM B. C. BEST.

Sir,—On January 27 Mr. Franklin suggests that I have abandoned the "Douglas" idea since the early stages of the debate. This week (February 10) he says it is pleasant to find that I stand for pure "Douglas." (Since he believes "Douglas" is wrong, such constancy, by the way, should cause him pain, not pleasure.) But as my position has been the same all along, he has evidently never understood it. A re-statement will, I hope, answer as directly as possible a question he puts to me in this same (Feb. 10) issue.

I will return to the soap and the soap factory. My position is, and has been all along, that the cost of the factory is incurred for the first time when the factory is built, the plant manufactured, and wages for the work thereof distributed and spent, and when the investor invests his money in the whole—otherwise buys it—when the cost thereof is momentarily cancelled. It is incurred the second time when the investor includes the cost of the plant and factory in the price of the soap he manufactures, distributing the wages for the making of the soap, but not, at the time, for the replacement of the factory; these are the costs (i.e., future wages and payments out) that he attempts to recover before he distributes them. Thus only if some other factory and plant are being made contemporaneously, so to speak, has he a chance of recovering these capital-costs.\* I do not mean by the second cost

\* Incidentally resulting, I must insist, on capital (goods) being valued more for the work and wages they provide than for their actual utility.

that the manufacturer charges twice for his factory, once for the original factory, and once for replacement. Is this clear? (Though if the investor has borrowed the money from a bank he will try and recover enough to repay the bank, and for renewing his factory also; but this is not what I mean by the nature of the second cost.) If I am wrong in this explanation of the "second cost," I hope to be corrected by a "Douglasite" who understands "Douglas," but not by Mr. Franklin, who doesn't.

A weak point in Mr. Franklin's argument is that he starts off with these costs nicely collected and reserved, and coming out again at different points of industry in wages on work for capital repair and renewal. He ignores the point of their collection before distribution. He also completely ignores the point I raised of labour displacement (and consequently reduced wage distribution) due to increasing efficiency.

However, it is useless to argue with Mr. Franklin any further until he clarifies his position. It is so contradictory at present that I also feel "we have reached a point where further discussion will contribute little of value."

For example: he contends that the building of a factory does not incur a future cost; when the investor has bought it he will not reclaim the cost of it. A little further on he says: "It is only when the factory is used in production that a cost appears." (Well, of course, I never imagined that the factory owner attempted to reclaim replacement costs before he started manufacturing!) Then, later, he appears to agree with Mr. Coleman that "every bar of soap must bear a payment of the cost of a new soap factory to replace the existing one." And, later still, he contends that "Mrs. Bing is right in denying that the costs of the factory appear in the soap." These contradictions can only be explained (if possible) on the idiotic assumption that Mr. Franklin distinguishes between consumers paying, in the price of the soap, for the original cost of the factory, or the cost of replacing it later.

Again, what on earth does Mr. Franklin mean when he says that "no purchasing power reaches them" (i.e., consumers) in connection with the provision of new capital? Are no wages paid out in the process? And to whom are these wages, or purchasing power, paid if not to consumers? And how does this square with his contention that the whole of the capital costs are distributed as purchasing power (though I suppose he refers here to cost of maintenance of capital in the making of consumables). Still, that does not alter the fact that the provision of new capital distributes new purchasing power, resulting as it must, according to Mr. Franklin, in an excess of purchasing power. On the other hand, at times he is concerned to show that work on capital goods is sufficient to maintain equilibrium. In short, he seems to hold the view of the orthodox economist, and also another one peculiar to himself.

Finally, what process of reasoning led Mr. Franklin to suppose that I think he is supporting the Social Credit case?!

I admit, therefore, that until Mr. Franklin can tell us what he really does mean, further argument must remain unprofitable.

## FROM G. F. BING.

Sir,—May I point out that Mrs. Best is entirely in error when she writes of me "Mrs. Bing categorically denies that these costs (of factory) are included in prices" (of soap). I have made no such "categorical" denial. I said that cost of the factory is irrelevant in pricing the soap except in so far as the recovery of interest was concerned. I assert that the cost of the factory was distributed as incomes to buy soap. I also assert that the cost of the factory remains secured in the factory and is recoverable by its owners when it is sold.

But surely a little careful thought should show Mrs. Best that what is charged into the price of the soap is a sum far in excess of the mere cost of the factory. That is my point. That the price of soap is made to carry the cost of maintaining and running the factory is axiomatic. But in excess of such costs (which are contained within the loan which financed them and are incomes distributed in processes)—above all such costs there is the never-ceasing rent-charge made for the loan which financed the cost of the factory (which loan remains secured in the factory all the time the rent-charge is inflating the price of soap).

It is that rent-charge which inflates the price of soap beyond the sums loaned (and distributed as incomes) to cover the cost of the factory.