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"The New Age." Fourteenth Birthday.

On July 5, 1923, the first issue of "The New Age" under its present editorship appeared. So this week sees the completion of exactly fourteen years' work.

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THE OUTLOOK IN ALBERTA.

CALGARY JOURNAL'S VIEW.

Calls for Clear Plan and Open Diplomacy.

THE CONSTITUTION AND INTER-PROVINCIAL TRADE.

Need the Bankers Interfere?

By the courtesy of *The Farm and Ranch Review* (Calgary) we have received a proof of the editorial comments in the July issue of that journal written by Mr. Charles W. Peterson, together with a letter from him which we reproduce below.

Those who regard the invalidation of any law passed by the Alberta Legislature as a "tactical advantage"—meaning, I assume, that it would have a useful propaganda value—simply have not the most elementary understanding of the political situation in Canada. There is not a chance in the world of ever putting over any constitutional amendment which would interfere in the least degree with inter-provincial trade or confer on a province the right to issue its own currency. If other provinces failed to protest we may rest completely assured that Quebec would effectually block any such proposal. Financial interests would have no say in such matters. The people themselves would decline to jeopardise our confederate form of government.

The fact is that the Federal Government has restrained its undoubted right, if not its plain duty, in not disallowing several Alberta laws, amongst them that dealing with the issue of scrip. Not a single obstacle has at any time been placed in Mr. Aberhart's way. Court proceedings to invalidate his acts in the immediate past were initiated entirely by and at the expense of private citizens. The Government declined to act. If financial, or any other interests have attempted to place difficulties in his way the public is not conscious of the fact.

It is no earthly use Major Douglas, Mr. Hargrave, or

anyone else elaborating social credit plans which exceed Alberta's constitutional powers, the limitations of which Douglas was perfectly cognisant of when he publicly announced that his system was definitely feasible within the provincial unit. Social credit must be worked out strictly within that rigid framework. Under the circumstances, it is not easy to understand the insistent demand for secrecy and elaborate long-range "strategy," except as the apprehensiveness of timid and tortuous minds.

If social credit theory is practical politics the way is wide open in Alberta, the objections of financial institutions notwithstanding. Even if it involved years of elaborate preparation the people might still support a Government with a definite, concrete plan. But candid publicity is an absolute essential. The people will demand full knowledge of where they are going and approximately when they will arrive at the economic destination, and this they are clearly entitled to.

CHAS. W. PETERSON.

June 22, 1937.

The editorial matter elaborates some points in this letter, but is chiefly concerned with an attempt to disprove the declaration by Social Creditors that the head bankers are blocking attempts to introduce Social Credit (or are preparing to do so) in Alberta. Mr. Peterson's attempt is not convincing, because he relies on the absence of evidence pointing to a bankers' plot, and therefore is unable to meet the point that if the bankers are plotting they will take care to conceal the evidence. In the very nature of the issue in dispute the arguing is bound to end in stalemate if it is based on direct evidence. The

absence of direct evidence is consistent with the theory that there is no plot; but it is also consistent with the theory that there is a plot, if one allows it to be a clever plot.

Case for Bankers' Interference.

Truth, said a lawyer, is ultimately a question of probability. And in a matter like this where *direct* evidence cancels out, you have to widen your frame of reference to include *collateral* evidence and to explore it backwards, so to speak, in order to ascertain whether there be a balance of *antecedent* probability on either side. Really, the question is this: Have the bankers any reason for wishing to prevent or delay the change in financial policy and procedure involved in the adoption of the Social Credit Proposals? Here are some related specific questions:—

- (a) Do bankers control financial credit?
- (b) If so, does that control enable them to control economic policy?
- (c) If so, do these controls make them masters of political policy?
- (d) If so, have they any wish to retain control on these three planes?
- (e) If so, have they reason to expect that the adoption of Social Credit would deprive them of control?
- (f) If so, do they object to this deprivation on some principle or other; or because it will facilitate an economic policy to which they object?
- (g) If on a principle; what principle? If on the question of policy; what policy?

Other questions can be added, but these are enough. We do not know how Mr. Peterson would answer them, but we do know what the answers of every Social Creditor are to them. And we say that they collectively establish the submission that the bankers have a *motive*, a *means*, and an *opportunity* to frustrate a Social Credit experiment—the probability of a plot hinges on whether the bankers' motive for resisting Social Credit is avowable or not. They have the option of declaring that Social Credit won't work; but they could hardly admit that it *can* work, and then declare that it ought not to be worked. For if Social Credit is admitted to be technically sound there is no question that it will be regarded as politically desirable by an overwhelming majority of the people. In those circumstances the minority would be obliged either to give way to the wishes of the majority or else to repudiate the principles of democratic government. If, then, we can establish the probability that they are unwilling to do either, we must assume that they will adopt secret means of getting their own way.

Why Bankers Can Wait.

Now as concerns these means we can reconcile a good deal of what Mr. Peterson says with our own theory of the situation in Canada. Although we have argued that his failure to detect signs of backstairs obstruction does not prove that there is no obstruction, we will let the point pass. We are willing to concede, for the sake of argument, that the bankers have not as yet taken any obstructive steps. But we make that concession on the assumption that, as yet, there has been no occasion for them to do so. It may be a valid assumption. For why should the bankers fight their own battles when other people are ready to do the fighting? Our meaning will be much clearer by reference to what we say in an article elsewhere about business executives and investors. We have shown that they have reasons of their own for fearing the adoption of Social Credit in Alberta. If that is so, it is clear that the bankers' correct strategy

is to leave them to do the obstructing under the influence of this fear-motive. The bankers can lie low and say nothing; or, if they say anything, it need be no more than to express doubts about the technical soundness of Social Credit. This would have the advantage for them that while it would feed the fears of those who were fighting their battle for them, nobody could say that they were abusing their rights under a democratic constitution by expressing their opinion.

Thus the time for the bankers to get busy on their own account would not arrive unless or until the fear-motive ceased to operate, as might happen supposing that a Social Credit Government were able to reassure external executives and investors that Alberta's development under the new system would not injure their interests. That would not be easy, because, as we show elsewhere, any country which adopted Social Credit in advance of others would acquire power to throw external markets into confusion and force other countries to seek the remedy either by war, or by adopting Social Credit themselves. The truth is that Social Credit is a weapon of aggression in the hands of a pioneer country (or Province) and for that reason affords grounds for fear among interests operating under the old system.

Bankers Shielded by the Constitution.

All this goes to show that Mr. Peterson might be right in his remarks as concerns the present stage of developments in Alberta; but it lends no support to his conclusion that the bankers are permanently disinterested observers of the conflict and are ready to leave its outcome to the people and their representative Government. "Financial interests," he declares, "would have no say in such matters—the people themselves would decline to jeopardise our confederate form of government." In its context this means that financial interests have no say in matters affecting the constitution. In one sense this is true. They had their say when the constitution was being built up; and if, as Mr. Peterson declares, the people will decline to permit any changes in the constitution necessary to permit of Social Credit being adopted in Alberta, then there is no need for financial interests to intervene. However, we have yet to see what those changes may be—to see how they could "jeopardise" the confederation in the eyes of "the people."

The Constitution and Inter-Provincial Trade.

Mr. Peterson indicates one of these changes where he says that no constitutional amendment will be tolerated which "interferes in the least degree with inter-provincial trade," or confers on any Province the "right to issue its own currency." Well, leaving the currency issue aside, we should like to know why it need require a constitutional amendment to "interfere with" inter-provincial trade. Interference, in this context, obviously connotes an alteration in the balance of trade. Is, then, the constitution framed to determine or to stabilise a balance? We thought that the constitution was (speaking ideally) an overhead code of law which, so to speak, held the ring for economic enterprise, so that the best man won on his merits in the game of competition. According to Mr. Peterson this is not so. Apparently the constitution imposes handicaps on the Provinces so adjusted as to bring about a sort of dead-heat balance in the race for trade-prosperity. If so the more publicity given to this conception the better. For evidently the constitutional handicappers, whoever they are, do not know their business, or else have an interest in the horse that wins has to carry an increasing penalty until it loses, and the horse that loses a decreasing penalty until it wins. But at the Canadian meetings the Eastern Provinces always win, and the Western Provinces are always left down the field. Again, if the principle of the handicap is embodied in the constitution you ob-

viously do not need to introduce a constitutional amendment to alter the weights. The right to alter them is bound up with the principle. You would only need to amend the constitution if you wanted to abolish the principle of handicapping.

* * *

Now, according to Mr. Peterson, there must be no interference with—no alteration in the balance of—inter-Provincial trade-prosperity. To apply this to Alberta, there must be no development of her resources in advance of development elsewhere, lest other Provinces are injured by her "exports." Let us put a case to see how this constitutional rule works out. A lot of Albertan oil-bearing territory is leased by the Government to outside oil interests at nominal rents. These interests do not propose to raise the oil. But supposing that they decided to do so, would an amendment of the constitution be necessary before they could proceed? Nobody will suggest so. Yet such action would "interfere" a great deal with inter-Provincial trade. So the constitutional prohibition, if it exists, is directed not against the interference, as such, but against particular authors of it. Alberta may not do with her unleashed resources what Big Business may do with her leased resources. We may be permitted to doubt whether a constitution which works that way would be so stoutly upheld by "the people" as Mr. Peterson supposes.

The Constitution On Trial.

We think that Mr. Peterson overstates the constitutional obstacle. If, as he declares is necessary, the Albertan Government proceed with a "definite plan," accompanied with "candid publicity," which gives the people "full knowledge where they are going" we can visualise developments in the light of which the constitution would be placed on trial at the bar of public opinion. Speaking for ourselves and the majority of our readers, we want to see the Alberta Government go ahead with a plan based on Social Credit technical principles. Once they do that, then not only we, but all Social Credit movements in different parts of the world will jump to the job of contributing to the "candid publicity" of which he speaks. We do not mean merely publicity relating to plan itself, but publicity embracing the whole subject of Social Credit in all its aspects and implications. Such publicity would, so far as we were concerned, consist for the one part in exposing the technical flaw in the price-system, and, for the other, in exposing the political tricks employed by the bankers to conceal it and misinterpret its consequences.

The Right Social-Credit Strategy—A Clear Plan and Open Diplomacy.

We are not bothered by the consideration that the disclosure of a Social Credit plan will assist the bankers to defeat it. That cannot be helped, and the risk must be taken. For a Government cannot play hide-and-seek with the bankers without playing it with the people. The proper thing is to disclose the plan, and at the same time to explain to the people all the ways in which the bankers are able to defeat it. Every student of Social Credit can take a hand in the explanation as soon as the disclosure is made. If that is done, the defeat of the plan, supposing that it took place, would serve more to prove that bankers were unscrupulous than that Social Credit technique was unsound. The best way to defeat the bankers' strategy is to explain it to the people. And the reason why a disclosed plan is necessary is that it affords a peg on which to hang the explanation. What is wanted is a renaissance of Social-Credit education in the dynamic multiformity which made possible the electoral triumph won in Alberta by Mr. Aberhart's political genius. We are informed of, and endorse, a statement made by Mr. G. F. Powell that the best hope for Alberta lies in the association of Mr. Aberhart's with Major Douglas's type of genius. Let Douglas design the plan and Aberhart rouse the people.

Alberta Diary.

June 28, 1937

Owing to the prorogation of the Legislature, the chief topic of political character in the Albertan Press is the Unity Pledge. This Pledge binds signatories not to enter into recriminations for the past or provocative language about the future. It is binding for the duration of the period which the Government's Technical Committee will take to prepare their Report.

One item of news may be recorded, namely, that Douglas has asked the Albertan Bondholders' Committee for particulars about the beneficial ownership of claims against Alberta.

The expenses of the visit of Powell and Byrne have been fixed at \$2,000, which will be paid by the Government, together with \$250 to Douglas for "office expenses" only (i.e., no "fee" is payable).

Prospects.

The promotion of unity should be an easier task in Alberta than almost anywhere else. There are only about sixty Members of the Legislature altogether, and about 300,000 adult citizens. Further, practically the whole House is composed of Members of one Party committed to the policy of issuing the Dividend. Lastly, since the Legislature won't meet until the autumn, the Technical Committee will probably not make any report until then; so there is no likelihood of new controversy arising. As for the Social Credit insurgents, since their objective of getting something started has been accepted by the Secretariat and the Government, they have no reason for continuing their controversy with the "Aberhart" Ministerialists.

Under these favourable circumstances a "sufficient degree of unity" to warrant Douglas's "operating successfully" ought to be easily attained. The only difficulty, after it has been attained, would be to maintain it if the Technicians' Report were unduly delayed. For the insurgent Ministerialists' demand related not only to what should be done, but to when it should be done. It implicitly imposed a time-limit for Legislative action, and, therefore, imposes one on the Technical Committee, for no action can be taken until after it has reported. It was because of this time-factor that they accepted Hargrave's plan. Whatever the demerits of that plan, it did hold out promise of early action. The insurgents are willing to accept an alternative plan provided it fulfils the same condition. To them the new plan must be announced in reasonable time, and it must be capable of early implementation.

It should be noted that the distribution of dividends in Alberta is inseparably connected with the development of Alberta's resources. Now those resources are so immense that their development would spell ruination to investment markets. Alberta is an economic volcano. For example, if full use were made of her oil resources, it would smash the world market to smithereens. So oil capitalists and investors have immediate reasons of their own for blocking Social Credit, quite apart from the bankers' deeper reasons. Indeed, there is evidence going to show there are people interested in oil who are giving general support to Social Credit ideas, and establishing for themselves the moral right to participate in the development of Social Credit policy. It is to their interest either to prevent or delay Alberta's economic development, or, if not, to obtain advance knowledge on which to change their investments. They can do either of these things best by insinuating themselves into the Social Credit Movement. They are not enemies of Social Credit, but they want to make sure that the fruits of Albertan development are absorbed internally, and in such a way as not to disturb prices and capital values outside. They would like to see a modest dividend and modest development.

July 1, 1937.

Opportunely enough, the post to-day brings us a communication from Mr. T. C. T. Potts (98, Drive-mansions, Fulham, S.W.6) consisting of correspondence that he has recently had with the Government respecting the Gilbert Islands guano concession. Many of our readers will remember Mr. Potts as having been agitating about that old scandal for the past thirty years or more. The scandal consisted in the fact that the Colonial Office in 1901 granted a concession to an influential company entitling them, for ninety-nine years, to take away and ship from Ocean Island guano phosphate worth many millions of pounds on payment to the natives of a paltry rental of £50 per annum for six years, after which there would be substituted a royalty of sixpence per ton payable, not to the natives, but to the British Exchequer. Since that time there have been no adjustments worth speaking about in favour of the natives.

Now Alberta is another Ocean Island. If you substitute oil, copper, and a few other items for guano, the parallel holds in all essentials. It is true that Alberta's resources are not being taken away and shipped, but that makes the story worse. What has happened is that the rich oil-bearing lands of Alberta have been leased to Big Business at ridiculous rentals—probably averaging something like a dollar an acre. And the object is not to tap the oil but to seal it up in order to protect the interests of oil properties elsewhere.

It stands to reason that investors in these properties will, without any prompting by bankers, resist the development of Alberta's resources unless or until they are assured that this can be done without prejudicing their interests. This is also true of investors in any other properties with which Alberta might compete—but we choose oil as typical of them all.

Now even supposing that these investors were believers in the soundness and feasibility of the Social Credit technique, and were agreed in principle on the desirability of applying it, they would feel obliged to demand one of two things:

(1) That Social Credit should not be introduced in Alberta before it was introduced in other Provinces (or countries) where their properties were operating. Or—

(2) that if a start were made in Alberta the increased output should be entirely absorbed by the local population, and none of it offered outside where it would bring down prices.

Even if demand No. 2 were satisfied they might reasonably object to the withdrawal of Alberta as an importer when she progressed towards being a self-supporting Province; but we will let that pass.

Demand No. 1 would be a demand for delay. Alberta would have to "mark time" until the other Provinces (and countries) also agreed to adopt Social Credit. Demand No. 2 would be a demand for a rigorously restricted application of Social Credit.

Now, students will know that the feasibility of working a Social Credit system in one country (say Britain) in advance of others would ultimately depend on military power. The reason is that the Social Credit country could price its exports down to zero and destroy foreign markets.

Alberta has no armed forces with which to back a Social-Credit policy. On the other hand, although the Dominion Government has armed forces with which to block such policy, it could hardly use them for that purpose. However, it would not need to do so; for it possesses other means of accomplishing that purpose. Supposing Alberta started to sell oil at cut prices, the Dominion Government would be able, with the collaboration of the Canadian railway and other transport interests, to counteract the cut by raising freight-rates. It will be seen that this power, if exercised, would have the same effect as if the other Provinces had the power, and exercised it, of imposing tariffs on imports from Alberta. In short, the heads of the Canadian transport systems are a potential Tariff Board. Mr. Lloyd George, back at the time of the Free Trade controversy, used to point out that the cost of moving goods from one country to another was in itself a form of Protection—that if, for instance, it cost £5 to ship £100 worth of goods from, say,

the United States to England, then the English manufacturer could not lose his market in England unless the United States manufacturer were able to make the goods at £5 less cost than he could. The shipping rate was a tariff rate.

This affords an illustration of Kipling's dictum that: *Power lies in the control of communications.* It also explains why Finance has sought such control. Whether it is the transportation of goods (by rail, ship, or airplane) or the transmission of news (by letter, telephone, radio, or cable) there are the bankers at every point along the route like so many a lock-keepers along a stretch of river. Take a glance at a map showing the railways of Canada, and you will see that Alberta (and every other Province of Canada considered separately) is powerless to control the margin between its f.o.r. price at the point of origin and the c.i.f. price at the point of destination. That vital margin is ultimately controllable by the bankers, and can be expanded or contracted as they please.

London Social Credit Club.

MEETINGS IN HYDE PARK.

Speakers Wanted.

Mr. Peter J. Hand needs help in conducting meetings in Hyde Park on Sundays. He reports that these meetings are going well. Audiences are silent and attentive. But one speaker obviously cannot keep a meeting going continuously from 3.30 in the afternoon until 10 o'clock at night. Mr. Hand aims at that continuity. He therefore wants to enrol a panel of speakers. Their qualification should be, he says, "ability to expound Social Credit." What he otherwise wants of them is that they undertake to attend at given pre-arranged times so that the proceedings can be planned beforehand for the above 6½-hour non-stop run.

Address communications to him at the London Social Credit Club Headquarters, Room 353, Grand Buildings, Trafalgar Square, S.W.1.

Hargrave's Alberta Report.

Forthcoming Publication.

John Hargrave has prepared a Report on the situation in Alberta. It will be published within the next ten days at the price of 1s. It is designed on the lines of a Government Report: it records facts without attempting to put any construction on them. It will be a useful and reliable book of reference for everyone interested in Albertan politics ought to be. Copies may be booked at the office of THE NEW AGE, 12-14, Red Lion Court, Fleet Street, E.C.4.

"The King and the Lady."

The price of this booklet was omitted from last week's announcement. It is 6d., or 7d. post free.

Forthcoming Meetings.

LONDON SOCIAL CREDIT CLUB.
Blewcoat Room, Caxton Street, S.W.1.

July 9, 8 p.m. "Bankers' Ramps," by Mr. Arthur Kitson.

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