

THE NEW AGE

INCORPORATING "CREDIT POWER."

ORGAN OF THE NEW AGE SOCIAL CREDIT SOCIETY

No. 2344] NEW SERIES Vol. LXI. No. 15. THURSDAY, AUGUST 12, 1937. ANNUAL SUBSCRIPTION TO THE SOCIETY 30s.

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Alberta Opens Fire.

The Alberta Government have announced legislation designed to put the chartered banks in the Province under Government control. (The Bank of Canada and the Savings Bank are not included, according to *The Times*.) There will be a licensing system under which each bank, and each official in that bank, will pay an annual fee to the provincial Government. To qualify for a licence each bank must admit to its board of directors nominees of the Government in the proportion of three nominees to two banking directors.

The Government further propose to abolish the Sales Tax, without proposing to levy on the Albertan people any other tax in its place. The significance of this is that the Government thereby implicitly assert their right to unbalance their Budget. The deficit caused by this relief to taxpayers will have to be made good, if made good at all, from some other source than the earnings of the people.* That source is the banking system. If drawn on, the deficit will be made good by new credit. Hence, whether the Budget be balanced or not, the net amount of the Sales-Tax relief will accrue to the people of Alberta. Since all taxes are ultimately paid by citizens, either directly or through prices, this relief is in the nature of a Provincial Dividend to the citizens of Alberta—a Dividend potentially convertible into additional articles of consumption. We say "potentially" because this beneficial convertibility depends on there being no rise in the prices of those articles. However, this contingency is not being provided for in the legislation at present announced, so it would be premature to discuss it. One can depend upon a Social Credit Government to have it in mind.

The background against which to view these developments in Alberta is this: That the World Money Mono-

*We disregard the proceeds of the contemplated licence-levy. These might cancel the deficit. But this does not affect our argument. Remission of the Sales-Tax may be the beginning of further remissions. And the licence-levy, though producing revenue, is primarily intended to register in concrete form the Government's right to regulate banking business in the Province. Lastly, the levy will be paid out of the banks' reserves or profits at the expense of their shareholders—these being largely institutions or persons outside Alberta.

poly is able to balance the Budgets of the world's Governments simultaneously, and whenever it chooses. No technical or political obstacle stands in its way. It is able to create in any quantity the monetary tokens collectible and disbursable on Budget-account; and it is also able to *expand credit without inflating* it. Every piece of evidence indicating that there is no way of doing these things can be shown to be evidence that there is no *will* to do them. That is the fundamental reality behind the situation.

So it is logical that the Albertan Government should commence action by simultaneously controlling banking policy and giving it a new direction. They are doing this by (a) creating a Budget problem—i.e., the potential deficit; and (b) placing themselves in a position to solve it in a new way—i.e., assuming control of banking policy and technique within their area.

When the British Government were short of munitions they controlled British munition-factories. And now, the Albertan Government, being short of money, are claiming to control Albertan money-factories. The argument that they might bungle this control is entirely beside the point. The point is that the control in its present hands is accompanied by a scarcity of the thing controlled, and that this scarcity is endangering the economic security of the Albertan people. Credit-instruments are the munitions of economic warfare. And just as no people engaged in military warfare would knowingly accept external dictation as to the quantity of shells they should make, so will the people of Alberta, engaged in economic warfare, not knowingly consent to have their monetary munitions limited by interests outside the Province.

The Money Monopolists cannot deny that under their system of control the Price of Solvency is Eternal Warfare—and the price of insolvency is economic extinction. It is monetary scarcity that drives Province to fight Province, Dominion to fight Dominion, yes, and mother-countries to devour their own children. Hence the supreme urgency for each and all is to abolish the internal scarcity. It has to be done internally. If all won't do it together one must make a start. Alberta is making a start by waiving an internal tax and occupying

the factories where money is manufactured—and, if you like to say so, where taxable capacity is increased. As Mr. Micawber might say: Taxable capacity £100; taxes £99; result Happiness, *et seq.* The Alberta Government are virtually handing over £1 to the people and assisting the bankers to replace it. They are taking the first step towards the assumption of complete financial autonomy.

Now if Alberta is successful in this effort, and acts alone, then, other things equal, she will be relatively better equipped to carry on her economic warfare against other Provinces. Yet the better she is equipped for that purpose the less her necessity to pursue it. Further, the methods she is adopting in her own interests are open for adoption by other Provinces in *their* interests. These can protect themselves against Alberta by emulating her. If they do that they will find that the elusive fruits of economic warfare which they sought to wrest from each other will grow up in their midst. The trees of their economic activities will mutually overhang the political dividing-fences of their orchards, and no-one will care what fruit falls on the wrong side of the fence.

As will have been noticed, we have been writing up to this juncture on the assumption that the Albertan Government will be left to develop and implement a Social Credit policy without external interference. But we must count on interference of some sort. And we see that the Government have anticipated one sort, for they are legislating to prevent anyone from testing the validity of their measures for implementing Social Credit before the Courts. This gesture is wise and timely quite apart from its feasibility. It focusses attention on the vital question of the adequacy of judicial knowledge and procedure for the weighing of the unprecedented issues opened up by the Albertan Government.

The Times says in a leading article (August 6) that the Albertan Government is claiming powers reserved by the Constitution to the Dominion Government. Very well. We may concede the competence of judges to decide this if by reference to unequivocal written texts. But they would have to travel farther afield than this. They would have to impute intentions to the authors of other texts. And in doing that they would be morally certain to adopt such intentions as were most consistent with their personal judgments of what is in the "best interests of public policy" at the present time. Thus, supposing that in their private judgment, any item of Albertan legislation would tend to "endanger the safety of the State," they would be certain to invalidate it unless they found it to be expressly and inexpungably permitted in a relevant written document.

Again, how do judges form their private judgments? Like the rest of us, they are subjected to miseducation at school, and contract a dominant warp in outlook which becomes the frame-of-reference in which they misinterpret their experience of the facts of life and misapply their knowledge of the rules of law. And, as if this were not enough, they always seek specific advice on specific subjects from conventionally accredited experts in those subjects. We may not know where flies go in the winter-time, but we know where judges go between sessions of the Courts. They go to the Clubs where they consort with bankers among other authoritative pundits. And that is where the rough-hewn laws of the Constitution are divinely shaped.

No; the Albertan Government are quite right in conveying the legislative hint that judges have no *locus standi* in the present political Court of Arraignment. Have we not seen them in the House of Lords stumped by the conundrum of the worth of a bank note to a bank of issue? And, farther back, did we not see them in Australia behaving like accessories in the bankers' ramp to force the abdication of the Lang Government in New

South Wales—a ramp which constrained Mr. Justice Piddington to resign as a protest against their participation in it. These two instances show how defective technical knowledge can corrupt the judgments of incorruptible interpreters of the law.

However, there are reasons why the bankers will not encourage invocation of the law, and also reasons why judges will not welcome the responsibility of pronouncing against the Government. The cogency of these reasons depends upon the resolution of the Government. For if the Albertan Government proceeded to enforce their legislation in spite of invalidation, the judgment of the Court would have to be enforced on them. The agencies of this force are, of course, policemen in the first resort and soldiers in the second. The police forces in Alberta are in the pay of the Dominion, not the Province. The Province pays the Dominion for providing the service! (Hargrave elicited this information from Aberhart in one of their conversations.) The reason for that arrangement was the usual one:—it came cheaper! The interesting question arises: From whom would the police in Alberta take their orders? Mr. Mackenzie King or Mr. Aberhart? Their choice would be decided by the temper of the Albertan people, who, if they were solid behind Aberhart, and meant business, would tell the police what they must do or not do, or possibly would form a police force from their own numbers under Government authorisation. In that case the Dominion Government would have to march soldiers into Alberta to capture and replace the police, and to rescue from prison any bankers or agents thereof who had broken Alberta's new laws. With this possible contingency in view it is probable that the bankers, statesmen and judges of Canada will alike hesitate to start any action at law which made it a logical necessity. Before any step like this is taken there will be an experiment in the calling of bluffs. The bankers will ascertain (a) to what lengths the Cabinet and the Members of the Legislative Assembly will carry the unity which has been symbolised in their initial legislation; and (b) to what extent the electors are ready to back their paper votes with muscular energy if called upon by their leaders. The result of this inquiry will decide whether the law is invoked or not at the present juncture.

The unity in Alberta, if it is to be dynamic, must be founded on sincerity in the Assembly and courage outside. Insincerity will betray courage; and cowardice will betray sincerity. Hence the bankers may be counted on to work on insincerity and cowardice by their usual secret methods of offering rewards or threatening penalties. The present condition of unity in Alberta, inasmuch as it has not yet been tested, could function conveniently as cover for bankster wirepulling; and from that point of view the bankers have a motive of their own for helping to promote unity. And this should be borne in mind in view of the sensational suddenness with which unity has been achieved in Alberta.

But whether the bankers are helping to promote it or not is of comparatively little importance provided that the battle continues to be fought in the open as it has commenced. They will be impotent in the face of frank publicity as to the Government's intentions and problems. Further, they are handicapped by their own protestations in the past that the Douglas Theorem is fundamentally unsound. We can imagine statesmen and judges questioning them in this wise:

"You are sure that Social Credit is unsound, and that the Albertans will get into a mess as the automatic result of trying to work it? If so, is it not the best policy to let them work it until they do get into a mess? If you interfere now won't it look as if you were a bit afraid that they would avoid wait until they consequences? Is it not better to have an excuse to intervene? For then you will have an excuse to intervene to rescue the victims of them. If you invoke the

law now to use force, when the only people who are even nominally threatened by the legislation are your own friends, won't you give a handle to the Albertan Government and people to call our police and soldiers your 'private army'?"

The truth is that although the Dominion Government may have the right to suppress the Albertan Legislature, a legal right is not a moral permit. And on the long, the statesmanlike view, the morality of a stroke of policy is more weighty than its legality.

Edward VIII.'s Future.

The People of August 1 publishes an article under the splash head line: Oil Quest May Make The Duke of Windsor a Multi-Millionaire. When you read on to ascertain how, it appears that borings are being made on his ranch near Calgary, and that there are prospects of a rich strike. But no explanation is forthcoming why, in that event, the Duke is likely to become enormously rich. The contributor of this announcement appears to argue to himself along this sort of line: Oil is worth so much a gallon in the market; so many gallons per day may be drawn from the Duke's property; multiply the price by the quantity, and the result gives the Duke's daily income! Simple, is it not? Yet the way to calculate his income in that event is to measure the area of his property, which is 40,000 acres and multiply it by say 4s. The result, namely £8,000 will represent what he would be likely to get *per annum*. The Standard Oil Company would pay him that to keep his oil off the market. The sum paid might be much less according to what proportion of the acreage was oil-bearing and worth renting.

If mere accessibility to oil measured accessibility to money the Albertan Government would be rolling in wealth instead of having to scrape for dollars to balance its Budget.

The Star of August 4 publishes an article entitled: The Future of the Duke and Duchess of Windsor. The author speculates on the possibility that they may take up residence in England and devote themselves to social work. He mentions slum-clearance and town-planning as subjects in which the Duke has shown intense interest. And the author thinks that in view of this possibility, it is desirable to expose the falsities of certain calumnies against the Duke and his wife which enjoyed a high velocity of circulation during the crisis of last December. He concedes that there has been a revulsion of feeling in the Duke's favour since that time, but considers it necessary to further it by disclosing evidence that early hostility was largely based on incorrect information or unsound deduction. The Duke, he claims, has shown exemplary correctness in refraining from defending himself, and this makes it incumbent on the Press—of which *The Star* is a distinguished ornament—to take up the cudgels on his behalf.

It will be remembered that a little while ago *The Star* had announced publication of articles on this matter which were to have been authorised by the Duchess of Windsor, but that it postponed them in response to influential private representations. The present article may be taken as an attempt to achieve the same object by another route. Whether it examines the same items of gossip as the earlier ones would have done one cannot tell; but at any rate it sets out to defend the Duke and Duchess and thus to promote public confidence in them, presumably with the view of ensuring a sympathetic welcome for them if they come to England.

We do not impugn the sincerity of the author, or of the publishers of *The Star*. We believe that they are trying to do the just thing because it is the just thing. But we must point out that the doing of this justice can easily be a factor in the policy of High Finance. It will be noticed that the idea of the Duke's return to England is coupled with the idea of tethering him to a particular job. The clearing of slums and the planning of towns

are desirable things in themselves. But they dovetail into other things (e.g., road-making and transport-organisation) forming a complex of economic development through which the Money Monopolists are pursuing their policy of Inflation. Naturally it would facilitate the policy of these Monopolists—these Crown Planners—if the Duke and Duchess came back here as Town Planners.

It would certainly relieve them of embarrassment to give the ex-King a job which symbolised his descent in status and responsibility from a State Counsellor to a Local Administrator. The Duke of Windsor, by birth, inherits the right to be in England unconditionally; and the Duchess, by marriage, shares that inheritance. If they come here on that basis, and then voluntarily show interest in social administration well and good. But even so we would hope to see them extend a remote patronage rather than engage in close participation in schemes of this sort.

Since the above was written the author has contributed a second article (August 5) in which he explodes (a) the story about Queen Alexandra's jewellery being given to the Duchess of Windsor (the Duke never inherited it) and (b) the allegation that the Duchess was too interested in politics, and a sower of Nazi philosophy into the bargain (her favourite intellectual pursuits are, he says, all remote from politics). Summing up, he uses these words:

"The time has surely come to call a truce in the war of vindictive tongues which have pursued the Duke and Duchess. There is an opportunity to utilise the unrivalled genius for service of the Duke of Windsor. It would be a tragedy if that hope were frustrated by misunderstanding or rancour."

We cannot resist the temptation to observe that the time to say these things was eight months ago when *THE NEW AGE* was persistently giving reasons why those "misunderstandings" should be regarded as having been deliberately created and perpetuated by the Money Monopolists. Further, it must be borne in mind that by enforcing the Abdication they consolidated their power to prescribe, conscript, and direct "service" of all kinds on all planes of public activity. Thus they are in the best position to seize "the opportunity to utilise the unrivalled genius for service of the Duke of Windsor." What has to be guarded against is the danger of their adding insult to injury by assigning to the deposed King the task of a minor functionary in his Kingdom. Any public service which the Duke of Windsor may render should be worthy of his "unrivalled genius." The expression "genius for service" is meaningless in this context. What service? Certainly not the planning of towns or the clearance of slums. You can pick up "geniuses" at this sort of work by the thousand. An unrivalled genius deserves a *unique* task—one which engages the full exercise of that genius, and one which, in this case, is compatible with the dignity of the man who embodies that genius.

We realise the difficulty. On December 10 last we said ("The King's Problem") that the people would be wrong: but that was because the people were not given time to say anything at all. Well, the then King is now only a Duke. But the degradation of title is powerless to affect the nature and strength of the ties which bound him—and still bind him—to the people. Bernard Shaw spoke true words when he sardonically hinted that deposed Monarchs ought to be put to death for prudential reasons. For the blunt truth is that what may be called the "permanent officials" of the vital institutions for implementing High Policy—the Navy, Army, and Air Force on the one hand, and the Press, on the other—were not parties to, and very largely were resentful of, the intrigues which led to the Abdication. Threadneedle Street, Whitehall, and Fleet Street are a triangle of unstable equilibrium. The instability is concealed, and the equilibrium preserved, chiefly by the fact that the latent resentment cannot find expres-

sion without having the appearance of disparaging the present reigning Monarch, to whom we all owe allegiance, and (much more compelling) with whom we all have the most heartfelt sympathy in his superhuman task of rehabilitating the prestige of the Crown. This apart, there is another kind of factor. It is that energy flies to points, and at the moment there is no point to which the energy of resentment can fly. In short, the victim of the Abdication Conspiracy is not in this country. The conspirators have every reason to fear that the arrival of the Duke of Windsor in this country would shift the centre-of-gravity of the present unstable equilibrium. At the same time his continued absence on the Continent is likely to create another order of embarrassments for them and for the Duke himself. Wherever he is or may be, he is bound to be a focal point of high-political energies. It is inevitable in the nature of the circumstances.

Getting It Back.

By A. W. Coleman.

On reading that excellent publication by the Social Credit Party of Great Britain, the Documented Record of Mr. John Hargrave's visit to the Province of Alberta, one is not a little surprised to encounter Premier Aberhart's oft-repeated question: "If I issue a dividend, how do I get it back?"

Such a question, coming from the leader of a Government elected to introduce Social Credit, is not only disconcerting, but may serve to explain much of the "jumble of makeshift odds-and-ends and broken-down try-outs" which has characterised the efforts of that Government during the greater part of its period of office. For, judging by the extent to which taxation, in various forms, has figured in these "try-outs," it is evident that the Premier regards it as an important instrument for the purpose of "getting it back."

The Social Credit Dividend is, in reality, a distribution of goods and services to the people who need them, and, in this sense, the issuing authority does not "get it back" at all. But the distributing medium—the tickets—will find their way back almost automatically, under any constitution in which the State has full control of the issue of credit and currency.

Consider the case of this country. If Social Credit were established here, the present Bank of England and Treasury Office would, in effect, be merged into a single National Credit Authority, delegating to the trading—or Joint Stock—banks, under licence, certain rights and privileges in connection with the issue and recall of *producer-credit*. The issue of *consumer-credit* would be the prerogative of the N.C.A., and the first dividend payment would be made by an issue of currency notes through the Post Office, these notes being exactly similar in all respects to those used by the trading banks.

Now the trading banks would pay out notes for the payment of wages and salaries. But retail traders would receive both the wages notes and the dividend notes in payment for goods, and they would pay these in to their banks. As payments made by retail traders, apart from wages, are cheque payments, the trading banks would accumulate notes in excess of requirements.

As the trading banks would keep large balances with the N.C.A. in the same way that they now keep them with the Bank of England, they would pay these surplus notes in to the credit of their accounts with the N.C.A. This does not mean that the actual notes would be forwarded to London. The trading banks of a provincial town, for instance, would probably hand their surplus notes to the Postmaster there, and send his receipt to the N.C.A. Their accounts with the N.C.A. would then be written up by the amount of the notes, while the actual notes would be promptly reissued by the Postal Authorities as national dividends. In this way the same notes would do duty over and over again.

The N.C.A. would be continuously "getting them back."

The estimates of some critics in this connection are amusing. They picture notes to the value of thousands of millions being issued each year for National Dividends, accompanied by expansions of bank credit running into tens of thousands of millions, until the reader is dazed by the astronomical inflation which would follow.

Under a Social Credit régime the trading banks would issue producer-credit without reference to the amount of bank cash they held. They would base their credit issues on the proved ability of their customers to deliver the goods and services required, at one or more moves, by consumers. Other considerations would scarcely count. The trading banks would draft on their balances with the N.C.A. for the cash currency they needed, and their requirements in this respect would probably entail no great increase of cash.

As real prosperity grew, a larger and larger number of people would open banking accounts and use cheque payments. As this practice became more and more widespread, the volume of cash in circulation might actually decrease in spite of a growing volume of trade and an increasing issue of dividends.

The case of Alberta is different. The Provincial Credit Authority which must be set up will have no store of Dominion cash currency where-with to pay Alberta dividends. Such dividends will have to be paid in a Provincial currency, the issue of which will be technically illegal, and the trading banks at present functioning within the Province must accept this Provincial currency, either by agreement or under threat of being starved out of business by the opening of Provincial Government trading banks.

That, in brief, would appear to be Premier Aberhart's main and immediate problem. Few will envy him the solution of it.

LETTERS TO THE EDITOR.

THE DOUGLAS THEOREM.

Sir,—I should like to see arguments *against* this Theorem printed in your paper. Most of your readers, I suppose, are familiar with them. But the younger generation of readers need pointers showing where the chief centres of conflict lie. I can understand that it is not politically necessary for the public generally to grasp the subject, but those of us who back the objective want to be able to hear reasons why it is attainable by the Douglas proposals. So we need to know the reasons why others think that it is not attainable.

[So far as space allows we are willing to publish questions and criticisms. A non-stop Open Forum would not be desirable in a journal intended to mobilise public pressure in favour of our objective, for obviously such a journal must try to get the public to take the attainability for granted. But THE NEW AGE is not a public organ, and therefore need not be constrained to stifle profitable debating because of tactical considerations. By all means let anyone who reads THE NEW AGE regularly send in his questions or criticisms, and we will do our best to give them publicity. But let us remind readers that space is limited.—Ed.]

BANKS AND UNRECOVERED LOANS.

Sir,—Your case against the Money Monopoly can, I suggest, be strengthened by a further consideration. Whose fault is it that a loan becomes irrecoverable? When a bank makes a bad debt it means that the value of the security lodged with the bank at the time the loan was made, and which was probably not less than twice the amount of the loan, has depreciated during the period of the loan by over fifty per cent.

Now bank loans are normally made for relatively short periods, and the classes of property which banks usually accept as collateral are not normally subject to rapid depreciation of this nature.

Such depreciation could only occur during periods of deflation, for which the Money Monopoly must be held responsible. The Monopoly incurs its own bad debts.

A. W. COLEMAN.