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# THE NEW AGE

INCORPORATING "CREDIT POWER."  
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## NOTES OF THE WEEK.

### The Church and the Crisis.

"If the paradox of millions of people haunted by poverty and demoralised by lack of employment while living in a world rich in actual and potential resources is to be destroyed, the determination to apply the corrective must never flag."—(King Edward VIII.—quoted in *Farming First*, Auckland, N.Z., 25/11/36.)

In *The New English Weekly* of January 28 Mr. Maurice B. Reckitt submits that the theory of the bank-born Lang-Baldwin conspiracy advanced by Social Credit speakers and writers at the time of the abdication crisis is untenable.

### Crisis Anticipated.

Well, THE NEW AGE was first in the publicity-field with this theory, namely in its issue of December 10, 1936—the "Notes" dealing with the subject having been written on Sunday, December 6, set up on Monday, December 7, and printed on Tuesday, December 8. During that week-end the London Social Credit Club, without communication with THE NEW AGE, and without knowledge of what would be its attitude, had adopted much the same theory and had begun to get busy. Some members of their Committee got in touch with the Social Credit Secretariat, pressing that body to take immediate action to rouse the public. As a result a meeting was organised and took place: it was addressed by spokesmen representing both bodies. Independently of this *ad hoc* collaboration, and presumably preceding it, the Secretariat had decided on their public attitude which they made clear in the issue of their own organ *Social Credit* of December 11, the day following the issue of THE NEW AGE. At the end of the week *The Catholic Times* came out with practically the same theory. In this last case there was time for the attitude of the Social Credit journals and organisations to have become known to the public before *The Catholic Times* went to press. But in the other three cases, the coincidence of viewpoints as to the meaning of the crisis was not, and could not have been, the outcome of prior consultation between any of the parties concerned.

The reason for this coincidence did not lie entirely, or even chiefly, in the disclosures suddenly made by the daily newspapers on December 3, 1936. Indeed, a conspiracy-theory could not have been satisfactorily sustained on the evidence of those disclosures taken by themselves. The truth is that this theory had been entertained long before by Social-Credit observers representing various sections of the Movement. On September 12, 1935, Mr. James Golder warned readers of THE NEW AGE that he had caught the scent of an attack on the institution of the Monarchy, and specifically mentioned the word "abdication" in the context of his communication. (See THE NEW AGE of December 17, p. 42, for the terms in which he made his allusion to a possible abdication and the way in which it might take place.) Then, coming to October 14, 1936, a certain independent intelligence agency reported the existence of a "scheme for a social bomb to be exploded under the King."

To adduce no further evidence, it is clear that Social-Credit observers were expecting a crisis affecting the Monarchy, and at a time when they could not foresee the occasion of it. When the crisis came, the mere fact that it came fulfilled their expectations, and justified the reasoning on which they had based their expectations. What the crisis itself was all about was a minor consideration: the whole significance of the crisis was the fact that it happened: and that significance has been strengthened since because of its outcome in the abdication of Edward VIII.

### Covering Up Tracks.

The grounds on which Social Creditors were led to anticipate an attack on the Monarchy were also grounds on which it was antecedently probable (some might say certain) that the attack would be so contrived as to conceal the real reasons for it. The bankers could be counted on not to leave any evidence accessible to the public which pointed to those reasons. The only evidence available depends on the testimonies of insiders who were in a position to acquire first-hand knowledge of what was going on. These testimonies, according to the



cable sent by Arthur Krock from Washington to *The New York Times* on December 14, 1936 (see *THE NEW AGE* of January 14, 1937), have been considered sufficiently credible and significant to be embodied in confidential reports circulated in international diplomatic quarters—a fact which in itself is suggestive of the inadequacy of the Lang-Baldwin apologia for the hasty enforcement of the abdication. Those testimonies, as Mr. Krock asserts, ascribe this event to Edward VIII.'s disposition to claim and exercise prerogatives in the field of domestic and foreign politics which Baldwin was not prepared to tolerate. If Mr. Krock is correctly informed it is clear that a major crisis existed independently of Edward VIII.'s marriage plans—a crisis involving an issue which would have remained unresolved no matter whom he married or whether he married at all, unless, of course, one is to assume that if he were denied his choice of a wife he would lose interest in his prerogatives. There is substance in this proviso. Any public man denied the woman of his choice would feel lonely, and would lack resolution to perform his public duty in the face of persistent opposition and obstruction. And so would a man who married a wife to order—or any wife at all if she lacked sympathy with his conception of his duty. Readers who have seen the play *Charles the King*, and remember the scene where Charles is nagged by his wife into signing Wentworth's death-warrant, will understand the point we are emphasising.

#### Story of Crisis Re-stated.

This leads us to re-state our theory about the events leading up to the abdication. From a time probably soon after the Armistice Edward VIII. began to develop a spirit of cynicism. He was surrounded by a variety of institutional humbugs, and, by reason of his association with bright young intellectuals, came to see through the impostures associated with the institutions in question. It is commonly agreed that he was indisposed to ascend the throne, but agreed to do so at the express wish of George V. Upon the death of George V., or immediately preceding it, he was interviewed by two State dignitaries (whose identity has not been disclosed) who sought to remind him of the limits of his functions, and who virtually demanded his promise to behave himself. He was to perform in the bankers' circus and so tempt the people to clap hands while their pockets were being picked. Well, he took the job on—probably with some mental reservations as to what constituted "good behaviour." What influenced him, in our theory, was the encouragement and advice of the lady whom he wanted to marry. "Edward, be a King" is what she probably said. "Then I shall be a Queen" is what her critics might insinuate was her thought. But be her motive as to status what it may, it is probable that the idea on which both were agreed was that they should collaborate on matters pertaining to his political functions, and leave matters pertaining to the Court, as such, to be dealt with by other members of the Royal Family. She must have appreciated that there would be objections to her becoming the First Lady in the Land of High Society; and there is evidence that she had no ambition to assume that rôle. But there is evidence that she did have an ambition to achieve a position where she could help Edward VIII. to fulfill his responsibilities in the realm of High Politics. That he believed her capable of so helping him, and that he wanted her help, are matters on which there can be no dispute.

If our theory be accepted, Edward VIII.'s proposal of amorganatic marriage, and her willingness to become a morganatic wife, fall into their logical place as an arrangement whereby the social and political responsibilities of the Monarchy could be disentangled, or partially so. The Queen-Mother and the Royal Duchesses could look after the morals of the Court, while Edward VIII. and his wife could look after the morals of the Cabinet.

If this extension of our theory is accepted, the implacable hostility of Mr. Baldwin, and the secret backing offered him by the leaders of the Opposition (which Mr. Krock says took place) need no explanation. From their point of view, here was a King with the propensities of a rebel, and here was a destined wife presumably ready to incite him to rebellious conduct. The two of them—"heart with heart molten, soul with soul imbued"—could be a terrible thorn in the flesh of constitutional tyranny and hypocrisy.

Mr. Reckitt, in his defence of the conduct of the Premier and the Primate, relies on two main arguments. The first is that Edward VIII., by the manner in which he put forward and tried to further his plans, proved himself incompetent to undertake the responsibilities of Kingship. The second is that the ultimatum presented to him was, in any case, in concordance with public opinion.

#### The Timing of the Ultimatum.

As regards the first argument its weight depends upon whether Edward VIII. was free to choose the time when he would raise the question of his proposed marriage. Our information is that he was not free to time his announcement, but was challenged to reveal his intentions at a time chosen by his challengers. It is no answer to say (if it be true) that he voluntarily revealed them to Mr. Baldwin (or anyone else) in a private capacity. The point is this: On whose initiative was the information given an official significance and made a matter of State? Our own submission is that it was on the initiative of the Premier and Primate; and that they chose their own time to force the issue. They could have questioned the King at least some months earlier than they did. The American Press, during that period of masterly inactivity on Mr. Baldwin's part, was full of material which would justify the putting of the question. Why was it delayed? Our answer is that the time chosen for making the issue public was so chosen because it was a bare fortnight before the Parliamentary session was to close, and thus provided the Premier with the excuse for forcing a decision on his ultimatum, and for carrying the legislative endorsement of it in the House during that short space of time. If anyone had suggested deferring the issue until the next session, Mr. Baldwin had a convincing answer, namely, that since the Coronation was due to take place only five months later, it was imperative that not a day should be lost in ascertaining who was going to be crowned. Thus Mr. Baldwin used the device of delay in order to construct a plea for haste. An earlier ultimatum would not have suited his purpose; it would have left time for Members of Parliament to consider their judgment before expressing it. As it was, the jury were not allowed to retire; they were forced to arrive at an instant decision in the box immediately the Public Prosecutor had replied for the Crown and sat down to suck a lozenge.

#### Filmed News and Public Opinion.

This leads on to the consideration of Mr. Reckitt's second argument. He maintains that Mr. Baldwin's ulti-

matum had the approval of public opinion. We are not disposed to deny it—but subject to a definition of what he terms "public opinion." We are ready to agree that the feeling of the public, during the critical seven days, was antipathetic to the idea of accepting a queen who had been, up to then, a completely unknown figure, who was not of British birth, and who had divorced two husbands. This antipathy was, of course, strengthened by the whispering campaign of calumny that was being conducted in society circles and spilt over into tap-rooms and sewing meetings. It is true that, as Mr. Reckitt points out, certain newspapers spoke some fair words about the lady, and made reference to her distant lineage. But they did not keep it up, and they avoided inviting the public to draw any definite conclusion from what they said. Just as "the force of iteration is immense"—as a writer in *The Times* of January 11 remarked in relation to the influence of news (see *THE NEW AGE* of January 21, p. 78, col. 1) so the neglect of reiteration de-potentialises the force of what is originally said. That is why, by the way, the big newspapers are generous enough to give a splash occasionally to the subject of Social Credit—yes, *occasionally!* The occasions are separated by sufficiently long intervals to wipe out the impressions made. Items of news are like the separate positives that make up a strip of cinema-film; they flash past the eye in the same way. If someone constructed a film in which there were sequences of, say, ten positives bearing the legend: "Bankers Know Best," punctuated by single positives bearing the legend: "Bankers Are Twisters," and this film were to be run before an audience, they would see only the first legend. They might be conscious of a flicker twice a second, but would hardly notice it. And that is how the Press "proportions" the news it presents—to use the expression of the writer just mentioned. It repeats what the public are required to memorise; and the rest is not repeated and not remembered.

So in this case. Information which, if driven home by repetition, would have mitigated the antipathy towards the lady chosen by Edward VIII., had no effect. The public were left to feed on their feelings, and if some of them wanted to form a judgment they had to do so on the widely advertised *ex parte* statements of the Prime Minister and the Archbishop of Canterbury.

In short the abdication of Edward VIII. was forced during the formative stage of public opinion—we might even say the pre-formative stage.

"Then we're all agreed?" said Mr. Crook.

"Yes, the committee were all agreed. They were too stunned by that gentleman's news to disagree." This paraphrase of a passage in a story that we were reading recently sums up the situation exactly.

What we are saying just here appears contradictory (at least in emphasis) to what we said in our issue of December 10, 1936, in our article "The King's Problem." We said:

"And judging from the spontaneous ebullitions of sentiment from the masses during the week-end, this view is instinctively held by them also."

The view referred to was the view that the request of the then King ought to be granted by his advisers. We may have been wrong, but we formed our opinion by

\* *The Social Credit Review of East Africa* reprints the whole of this article in its issue of January 8, 1937.

listening in to (without participating in) discussions among the lower orders—the "publicans and sinners," so to speak—and still think that the general reaction was what we said it was at the time we tested it—which was on December 5 and 6.

#### Closing Investigation.

However, whether we were right or wrong is of no consequence; for in our context we were pointing out that the "discordances down below" arose more from the "newness of the idea" than from "thought-out objections" to it. We concluded by saying:

"The people will speak later: and it seems probable that their demand will be: *We will have our King on his own terms.*"

Well, the people did not speak later; they did not speak at all: they had no opportunity to speak until speaking was of no use. At the time when we wrote there were indications that statesmen of the calibre of Mr. Winston Churchill were preparing to gain time for a reasoned examination of the merits of the issue, and that the public would be able to benefit by listening to what was said on both sides inside and outside the House. These indications proved deceptive. Opposition to Mr. Baldwin suddenly drooped and died. Some may say that this was due to the private communication by him to his opponents of facts which they had been unaware of. We doubt it. We cannot believe that information to which we ourselves had access was not known to responsible Members of the House. What we do believe is that the contemplated testing of Mr. Baldwin's case was quashed at the instance of the Treasury (and of the Bank of England and City interests generally).

#### Hitching King's Wagon To Film Stars.

Again, supposing that we grant that public feeling was definitely against the plan of Edward VIII., and also that this state of public feeling—as distinct from considered judgment—justified the action of Mr. Baldwin and the Primate, we have to observe that public feeling is almost as subject to centralised control as is public opinion. If we had been in possession of the powers exercised by the banking and other interests which dominate the political and commercial policy of the country, we would have turned the feeling of the people up-side down in a few weeks. We would have assembled a team of propagandists and ordered the newspaper-owners and cinema-proprietors to give them a free run. Our team would have consisted of—

1. Shirley Temple.
2. Greta Garbo.
3. Clark Gable.
4. Charlie Chaplin.
5. Bernard Shaw.
6. Rebecca West.

and others as required. With the first three we would have put over the most movingest movie on behalf of Edward VIII. and his lady as ever you heard tell of. Without departing in the least from what we believe to be the true inner story of the crisis we would have let loose a complex of intellectual and emotional appeals in their favour such as to bring tears of sympathy for them even into our own eyes! For example—remembering that we should be immune from all restrictions as to money on the one hand and as to good taste on the other—we could have put over an acted version of what we would call "A King's Romance," and could have cast our film stars to represent members of the Royal Family and other prominent figures in the case. Shirley Temple would have been one of the



little Princesses, Clarke Gable the King, and Greta Garbo the King's intended. We would have got Bernard Shaw to write the play—with, of course, a preface. Then we would have got him and Rebecca West to develop their opinions on the front pages of the newspapers day by day. ("The force of iteration is immense.") In the meantime we would have organised a Monster Petition, forms for signatures being exposed in the foyers of the cinema-houses to catch the departing weeping women.

Readers can be left to judge what would have been the effect of all this, but more particularly to reflect how unjustifiable it would have been if we, as the hidden wirepullers in the case, had stampeded the people while in that state of feeling into assenting to an irrevocable Act of Parliament on the plea that our doing so reflected "public opinion."

### The Morganatic Marriage.

Reverting to the subject of the morganatic marriage. When commenting on Edward VIII.'s proposal, but before it was known that the lady was willing to enter into it, Mr. Chapman Croham characterised it, and properly so in the circumstances, as an "insult" to her. Obviously, in any case, it is a relative insult to assign to her the status of a wife in the second degree, so to speak. But for that very reason it is reasonable to suppose that the public, if given time for reflection, could have been persuaded to see in this penalty a counterweight to their dislike of her non-British nationality and her marital history.

She would have had a status lower than that of a Queen, and a little higher than that of a Viscountess. If it be objected that by reason of her status she would be in a position to exercise undue influence in the high politics of this realm, the answer is that we already have a Viscountess who is of alien birth, and who has divorced one husband, doing that very thing. In case anyone should think that we are betraying secrets we had better mention that the information is specifically recorded in *Who's Who*, and must have been voluntarily contributed to that directory by the lady herself. This is worth recording, because it shows that the influential leaders in Society and Politics, who are aware of her origin and history, see nothing in it to debar her from participating in the framing of high-political policy.

Of course the two cases do not square at all points. There is a decided difference between exerting influence on legislation and exerting it on constitutional issues. And if, as we have put forward as our theory, our Ministers of State saw in the late King's intended an influence calculated to encourage him to assert himself, perhaps to the extent of claiming prerogatives which had lain dormant for want of a stimulus such as the lady might apply, they were entitled, from their own point of view to distinguish between the two cases on that account. But they were not entitled to withhold from the public the fact that this was the real reason why they resisted the King's plan. There is an informed body of opinion in this country which holds strongly the view that the true safety of the State is being jeopardised by the increasing usurpation of the prerogatives of Government, and who can see no dependable check to that usurpation except in the resolute exercise of Monarchical prerogatives. Therefore it is of vital moment to them, and to the people of this country, whose liberties constitute the true safety of the State, to know whether the abdication of Edward VIII. was precipitated with the object of removing that check.

While that question remains unanswered, the attitude of the Church on the moral aspect of the issue is irrelevant, or, if relevant, excludes merits of far greater

relevancy and cogency. We are as much against loose living as any Bishop, and we thoroughly agree that the Monarch and the Court ought to set an example of marital fidelity and responsibility. The foundation of a stable State rests organically on the indissolubility of the marriage tie, and the threefold integrity of the family—father, mother, child. But unfortunately that foundation is being insidiously undermined by processes tending to disrupt family life. What is it that delays marriages? Poverty. What is it that divides families? Poverty. What is it that makes the avoidance of procreation an imperative necessity for the majority of married couples? Poverty.

### Poverty and Morality.

Now our position is this. Poverty is unnecessary. It can be abolished, and in a very short space of time. Therefore, precisely because we stand for clean moral life, we insist that poverty shall be abolished, and that the safety of the State requires this objective to be put in front of any others. And therefore when we see any public figure who shows evidence of concentrating on that objective we are not concerned with his moral life, except in the case where his actions in private render him liable to be blackmailed into abandoning his public duty. Otherwise, while we may deplore his conduct, and while we should recognise the bad influence of the example set by it, we should protest strongly against that being made an occasion for barring him from the performance of his public duty.

The Church—by which term we mean, not believers, but caucuses of transcendental dignitaries—is an influence doing more to perpetuate than to terminate iniquity. Worship and prayer help to make, or keep, men good; and the goodness of the good contributes, by the force of example, to improve the conduct of the wicked. But these non-material influences which strengthen resistance to temptation are nothing to those material conditions which cause temptation.

If it were "immoral" to dance on hot bricks, the cure would be to do away with the heat, not to exhort the dancers to desist! The Church puts the cart before the horse. It makes frontal attacks on psychological effects while ignoring mechanical causes. Christians were once taught to pray: *Lead us not into temptation, but deliver us from evil.* That is to say: *Lead us out of temptation, not: Help us to fight against temptation.*

We do not know, any more than does Mr. Reckitt, the inner secrets of Edward VIII.'s heart and mind. But he made the gesture of attacking evil at its roots by his public condemnation of conditions of poverty. If his gesture was sincere (and why should it not be?) then he was a more potent influence towards the moral regeneration of the country than is the best-living prunson who tries to extinguish immoralism merely by pruning it. Seek first the abolition of poverty and all the things that the Church seeks for will appear of their own accord.

### Our Policy Justified.

The Social-Credit formula is a mechanical device which, if adopted, can no more help abolishing poverty than can the pushing of a switch help completing an electric circuit. If somebody will push the Social-Credit switch it does not matter if he be the most incorrigible villain alive. Edward VIII. stood nearer to the switch than most. And when all is said against his private character, nothing in the allegations shows that he was disinclined to push it, while, on the other hand, evidences exist suggesting that he was inclined to do so—if he knew where it was.

Therefore we claim that our policy, during the crisis, of encouraging Edward VIII. to insist on his rights, and stay where he was, within an arm's length of the switch, was both logically and morally inexpugnable.

## New Income Tax Legislation.

By James Golder, M.I.Mech.E.

The Income Tax, and, of course, the Surtax, is the mainstay of the debt-services. It is therefore anti-pathetic to the principles of Social Credit. It is not recognised by the millions of persons who pay it as an instrument of discipline. Still less is it suspected by those who pay it easily, cheerfully, even thankfully, and patriotically, as an official peephole into the personal and private affairs of the Englishman's home. Yet such it is; and what is worse, though the inspectors and collectors are fellow citizens in the same condemnation (or privilege, according to point of view), the super-auditors act on behalf of what English gentlemen were always taught to scorn, viz.: "the foreign yoke"! When British statesmen, together with the present Prime Minister, acknowledged foreign debt, they accepted, in spite of a definite warning, on behalf of a deceived people, "the foreign yoke." *They had no mandate to do this thing.* Whether they knew what they were doing (and to the credit of Bonar Law he at least suspected it) makes no difference in English law to the personal responsibility for the consequences. The weight of these consequences will be felt in the coming year. The King and Queen will be crowned with gold, but the people will be crowned with taxes, if not with blood and tears.

A commission sat for nearly nine years on this subject, and in this Coronation year Parliament will be presented with another *fait accompli* in the Bill to codify the law. They will be permitted to discuss the Bill, but they will not be allowed to alter it. If after nine years, the best brains available, on the terms quoted, state their utter inability to deal satisfactorily with the subject (as their report declares), members will easily feel themselves excused from any duty to attempt to interfere with the conclusions of such prolonged, learned, and exhaustive research. The Bill will, therefore (unless something meanwhile happens to awaken present members to the sense of their responsibility and opportunity), be quickly passed into law, and receive the formality of "Royal Assent."

Yet there is a way, if there be the will, to hold up, or defeat this Bill. The British Parliament has the chance, if two or three of its Members have the sense, to check its progress by a frontal attack upon the dead centre of the Committee's terms of reference. The Committee's survey was cramped by certain portentous words. They were given ample scope. They were free to wander anywhere and everywhere in the legal garden. Every common law, statute law, and case law, could be investigated with the greatest thoroughness; but one tree in the garden was forbidden them, they were to leave

"the liability of the taxpayer substantially unaffected"! It is now a simple matter for any man with only moderate actuarial qualifications to demonstrate that this liability arises from a fundamental error. When the Committee began its work in 1927, the demonstration had sustained its accuracy against nine years of criticism. When they finished their work last year, another nine years of wider criticism had but strengthened its conclusions. What might have been pardonable as an error of misconception in 1927, on account of its novel and somewhat elusive character, can only be regarded, on the evidence in 1937, as an error of misrepresentation. Will the British Parliament pass it? Will members swallow it whole, hook, line and sinker? These

are the questions. Or, will a few of them examine the first clause in the taxpayer's "Credit Power" pledge, and demand that the Treasury officials produce a balance-sheet showing that the liability of the British taxpayer has been profoundly altered by the employment of machines in industrial and other production which utilise solar energy, and thereby shift the incidence of the burden hitherto carried by the individual?

The mechanism of the electoral campaign is available, but:—

"It lacks the needed fire to glow,

"It needs the breeze to nerve."

Pending this enthusiasm of pressure upon Members via their own constituents, it is surely possible to get at them more directly by a finer concentration of effort such as was suggested in THE NEW AGE of December 3. Seven hundred persons are much more easily harried into action than seven or seventy thousand; and surely the new conscience born of Social Credit doctrines has not failed to find a partial footing among the present seven hundred.

The suggestion therefore is that the various Social Credit groups already formed, and in process of forming, should "adopt" groups of Parliamentary Members, selected territorially, and set about "educating" them in their new duties and responsibilities with respect to the "demanding results and resisting demands" processes of Social Credit politics. This should be done in the matter of the one Bill only, and with the narrowest of objectives, concentrating on the question of the altered liability of the individual to pay money taxes, since the published figures misrepresent established facts.

If there is a Federation coming into being as an outcome of the York Conference, it must have some definite and positive job or jobs of work in which to engage the energies of those who seek to join up. Propaganda can only be described with truth as *action*, if and when it bears the character of single-minded concentration. All propaganda is a matter of *emphasis*. There will be much by way of outcry against the new legislation when it appears. Many and varied will be the general "interests" arrayed against the Bill; but there will be none beside the Social Credit resisters whose action arises from a conscientious objection to the very principle of taxation itself. *That* will be the new phase of *pressure* politics; and British ingenuity will be tested in devising ways and means of resisting the International Bankers' subtle *suction* politics, while at the same time upholding the majestic rule of law.

### Forthcoming Meetings.

LONDON SOCIAL CREDIT CLUB.

Blewcoat Room, Caxton Street, S.W.1.

Arrangements for February, 1937.

5th, 8 p.m.—"Current Events," by Mr. Brenton, Editor of THE NEW AGE.

12th, 8 p.m.—"Social Credit and Freedom," by Mr. Ewart Purves.

19th, 8 p.m.—"Social Credit: Its Political Philosophy and Economic Doctrine," by Mr. T. F. Evans, of Birmingham.

26th, 8 p.m.—"Leisure in the Social Credit State," by Mrs. G. M. Dillon Clark.

### NOTICE.

All communications requiring the Editor's attention should be addressed direct to him as follows:

Mr. Arthur Brenton, 20, Rectory Road, Barnes, S.W.13.



## Cress and Carrots.

The cress-and-carrots illustration used last week in the article "The Warren Theorem" has a value independently of its context.

It can be used in a graphic manner to explain the fundamental proposition that the cost of production is consumption. And it can be so used without reference to money at all.

The illustration is in correspondence with economic reality because it represents quick and slow rotations of crops proceeding in company, so to speak.

It can be presented in physical terms and measurements. Let the hypothetical farm community be considered to possess two acres of land. Let them sow one acre with cress and the other with carrots. As already postulated, let the cress come to maturity in one fortnight and the carrots in six fortnights.

By the end of the sixth fortnight when the carrots are ready for lifting the cress-area will have been sown six times, and the cress cropped and eaten five times. At this point there is an acre each of cress and carrots ready for consumption.

It should be noted that in this illustration the community can only sow carrots at the beginning of the first fortnight, for the carrot area must not be disturbed until six fortnights have elapsed.

This understood, it will be seen that the cress-sowings of the second and subsequent fortnights have no relation to the carrots. The latter are related exclusively to the sowing done in the first fortnight.

This means that the energy exerted by the community in the first fortnight alone establishes and measures the title of the community to acquire and consume the carrots. It may be assumed that the energy exerted in the sowing is the same for both acres. In that case when they consume the acre of cress at the end of the first fortnight they are rewarded with exactly half the equivalent of their energy. The reward for the other half is of necessity deferred until the end of the sixth fortnight.

Now how can the "cost" of the carrots be estimated without reference to money? This cost cannot be estimated at all in the same sense in which we speak of cost in monetary terms—for a monetary cost is something which must be demanded as the condition on which articles bearing that cost are to be delivered to would-be recipients.

Obviously there can be no such cost assigned to the carrots. For what do these carrots represent but the concrete result of energy exerted and (as just seen) half-rewarded? Whatever cost can be assigned to them, that is, whatever conditions might be made for delivery of the carrots, those conditions were completely fulfilled in the first fortnight. The community, so to speak, paid for the carrots in the act of sowing them.

This truth is unaffected even if you suppose that one of the community hires the rest to sow the two crops. For in that case he gets one crop of cress and one crop of carrots, and delivers one crop of cress. The cost of the cress plus carrots is, to him, the loss of the cress. He gets the carrots for nothing. True, he can impose conditions on which he will now let the others have carrots. In this illustration he might set them new tasks to perform. But the essential point is that he has incurred no loss to be recovered. The only conceivable loss would have been incurred by the others,

a loss representing energy expended but only partly rewarded.

This clarifies the Social Credit proposition that the cost of production is consumption. In this case the cost of the two crops is the consumption of one crop. Physically the cost or loss is a fraction of the gain, or profit—the fraction here being one half, represented by the carrots. In other words, what is unconsumed at the end of the assumed twelve-week period is pure gain. It has cost nothing. It stands to reason that an article which only costs something by being consumed cannot cost anything while it is unconsumed. An article which costs something in terms of itself has no cost while it exists.

And now let us compare this physical truth with the apparent truth suggested by financial costing on present lines. The factors to be taken into account are these:—

Two areas—let them be called fields.

The first fortnight.

The sixth fortnight.

A banker.

A credit of £100.

During the first fortnight the community sow both fields and receive £100—£50 on account of each field. This £100 is a claim on both crops. At the end of the fortnight the banker calls in the £100, and the community consume one of the crops. And there the matter rests until the expiry of the sixth fortnight. What happens in the interval lies outside the field of inquiry and does not affect the result. You may suppose that in this interval the community sow and crop the cress-field (they cannot sow the carrot-field) five more times, borrowing and repaying £50 each time—in which case it will be seen that these later operations do not affect the finance of the first one.

At the end of the sixth fortnight, and after the sixth crop of cress has been consumed, there remains the crop of carrots. The carrots are worth £50. They can only be consumed by the community on presenting £50. But the £50 is in the banker's custody. He does not owe them any money at all. They can only get £50 by borrowing it from him, and on conditions which he imposes.

At this juncture we must introduce the factor of what is called "security" for loans. In the first fortnight it was necessary to assume the loan to be without security or at least no tangible security—the security being really the ability and willingness of the community to sow the crops. But at the end of the sixth fortnight there is a tangible security, namely the carrot-crop. So the banker (following the recognised rules of financial prudence) makes the community pledge the carrots as security for the new loan. To the banker the carrots are a permanent asset, that is, one which shall not be diminished in quantity and value by acts of consumption—or one which, if diminished, shall be simultaneously made good by new sowings of carrots. More than that, he will require this asset to be increased on balance, as an extra protection for his loan. Again, he can call in the whole loan when he likes, and is thereby able to force the community to observe his conditions. The consequence is that if he likes he can prevent them from consuming any carrots at all in future and yet compel them to continue sowing carrots, and in increasing quantity. In terms of the illustration, he can make them enlarge the area of the carrot-field at the expense of the cress-field. In modern commercial terminology, he can make them increase their capital resources at

the expense of their consumable output. For the carrots in this illustration will now be seen to represent something which is not to be consumed, i.e., a permanent asset, and therefore, to all intents and purposes, capital. And we may therefore substitute for carrots such things as farm implements and equipment for making them, so that instead of picturing carrots producing carrots on the twelve-week cycle we can picture machines producing machines on such a cycle—and, indeed, in actual industrial experience, cycles running into years rather than weeks.

In fact the logical end of the procedure imposed by the banker would be the elimination altogether of cress-sowing—and the only obstacle to the actual occurrence of such an event is the inevitability of a violent smash-up of the whole system if the process proceeds too far.

## Social Credit Debate.

A debate on a motion: "That Social Credit deserves acceptance as a Modern Solution to Modern Problems" between the Marquis of Tavistock and Mr. Addison Perry-Keene was held at the Birmingham Business Club, Grand Hotel, Birmingham, on Tuesday, January 26.

About a hundred and fifty Birmingham business men attended the debate.

The Marquis of Tavistock, in an opening which was a model of conciseness and comprehensiveness, gave a brief outline of the working and faults of the banking and costing systems, and a statement of the Social Credit objective and method of application.

In his reply, Mr. Perry-Keene—who is in the costing department of Austin Motors, Ltd.—did not attempt to deal with any of the points raised by the Marquis, but contented himself with a dissertation on the possibility of a society in which money had been abolished, goods and services becoming available by a system which he called "allocation."

A general and animated debate followed, in which Social Credit adherents took part. There were few apologists for economic orthodoxy.

The Marquis closed the debate with a reply to the only criticism which had not been dealt with in the general debate (there had only been three in all!), and on a show of hands the motion was carried by an overwhelming majority.

It was a great night for Social Creditors in Birmingham. The Marquis of Tavistock did a magnificent piece of work.

T. F. E.

## Social Credit Pantomime.

All the wits of the Social Credit Movement have long known how vulnerable to their shafts is the present economic system, but precisely how funny the attack could be I had not realised until I attended a private performance of *Slick Whittington*, presented at 44, Little Britain, E.C.1, by K.E.Y. (the theatre attached to the Social Credit Party of Great Britain).

In mock-pantomime form, this *reductio ad absurdum* throws a limelight of ridicule on orthodox finance, and the audience is kept in one long chuckle, which swells at frequent intervals into roars of laughter. Finance itself appears in the person of the Rat, and is dealt with by a very business-like Social-Credit Cat. I particularly enjoyed the sallies launched at the "Favourable balance of trade" fetish; this part of the burlesque is very cleverly worked out, and not even the uninitiated—or the most determined unbeliever—can help sighing with the Cook when she laments:—

"What with the things the Rat pinches, and the things for furrin parts,  
I think I'm very lucky myself to get one of last year's tarts!"

The audience seemed to approve most heartily such comments on the Means Test as:—

"Well, now, let me advise you, firstly sell your Cat!  
You'll never pass the Means Test—not while you owns that!"

To make you eligible for the dole you daren't own a thing, Why, they makes you pawn your tonsils, if they thinks that you can sing!"

and applauded vigorously when the authors made merry over the Public Order Bill.

Members of the K.E.Y. are, I am told, responsible for the entire production, including scenery, songs and music. There is a spontaneous gaiety about the whole show, which is well acted, and the high spirits of the cast were, I found, most infectious.

I understand that further private performances are being given on the following dates:—

Thursday, February 4, at 8.15 p.m.

Saturday, February 6, at 8.15 p.m.

No member of the Social Credit Movement should miss seeing this original show. It is Social Credit in such an entertaining and ingenious nutshell that I am, with high hopes, taking along to the remaining performances various friends whom I have hitherto been unable to convert.

S. G.

## LETTERS TO THE EDITOR.

### BANKERS AND DEBT.

Sir,—I accept with pleasurable agreement Mr. Coleman's statement in his letter of January 21 that he does not hold that "funded debt is not self-liquidating." But I do say that in the Oslo speech Major Douglas was insisting upon precisely what Mr. Coleman denies. The whole import of the speech at this point was that debt to the banks and financial institutions arises because of a shortage of the wherewithal to meet it—that the community is that much "out" and has no means of recovery except by the ultimately hopeless practice of incurring new debts to pay old. In short that neither in the banking system nor in the industrial price-fixing system do debt and credit balance or equate. I congratulate Mr. Coleman on realising that that is untrue.

I fear that not less than a couple of pages would be required to do justice to Mr. Coleman's other various points. In lieu of that I must just state, without supporting argument, that Mr. Coleman is mistaken in thinking (1) that allocated costs are new and additional costs; (2) that reserves are purchasing power destroyed or, at least, unused; (3) that investment creates new costs against customers not equated by payments to consumers.

I should like, however, in reply to "G. F. L." to defend my contention that Mr. Coleman has, as regards the nature of bank loans, deserted Major Douglas and that "G. F. L." is, probably unwittingly, following him.

"G. F. L." quite reasonably objects to the "policy" and the "power" of the banks. Millions will agree with him. But that is not the fundamental Douglas contention, which is that banks not merely exercise power and control, but that they actually own the money they create—a very different thing.

Major Douglas put his view very clearly before the Canadian Banking Committee when saying: "When the blocks of purchasing power are created they are created as blocks of purchasing power for the banks; it should be done as the property of the property of the banks; it should be done as the property of the country; it belongs to the public. The banks should be paid for their services, but the public should get the benefit." Recently at Belfast he said: "The claim of the banking system to the ownership of the money it creates is a claim to the ownership of the country."

Now Mr. Coleman, I feel sure, recognises that Major Douglas is mistaken in claiming that the banks own the money they create. He realises that the moment money is created by a bank it belongs to someone else. Debts to the bank are inescapably equated by debts owed by the bank. The money does belong to the public, and the banks are paid for their services by the method of charging a higher rate of interest to borrowers than they pay their depositors.



Major Douglas has said that the bankers are "licensed forgers." Now a forger, in so far as he successfully passes his handiwork, creates money which he can use to obtain goods and services without any liability accruing against him. The banks can do nothing of the sort. They cannot create a penny to pay their own debts, to buy corner-sites or even to "acquire securities for nothing," simply because every sum they bring into existence instantly becomes a liability against them.

Major Douglas's two words are a perfect epitome of his arguments, but nevertheless quite false. Mr. Coleman certainly appreciates this, and "G. F. L.'s" letter certainly indicates that he does so also, or else he has failed to grasp the real nature of Major Douglas's contentions.—Yours, etc.,

J. A. FRANKLIN.

[We publish Mr. Franklin's letter because it probably sums up the main points on which Credit-Socialists dissent from Social-Creditors. But, as he himself remarks, the establishment or the rebuttal of any one of them cannot be accomplished within the limits of space provided in our correspondence columns. We mention this because we do not wish our admittance of criticisms to be taken as a tacit invitation to readers to join in a "debate" on the points raised. Their doing so would inevitably lead to a battle of debating-points whose relevancy or cogency would depend chiefly on selected constructions variously placed on the ambiguous terminological expressions which both sides are obliged to use.

An example of what we mean is provided by the question of "ownership" which Mr. Franklin discusses in the latter part of his letter. We can agree with him that the banks do not own the credit which they create, but we can alternatively disagree: it depends upon the frame of reference in which the word ownership is discussed, and from which it borrows its essential significance. Whether, or in what circumstances, the banks are owners or not of the credit they create, no-one can dispute the fact that they exclusively exercise all the *rights* of ownership. They exercise the right to refuse to lend (which involves the creation of) any credit; also to select those to whom they lend; also to demand repayment when they like. Thus they control the use (and the users) of credit. It is not their credit: it is public credit. Fundamentally, the public own it: but legally and practically the public possess none of the rights of controlling it. So it is permissible to say that the banks own, and yet do not own, the credit they create; and also to say the same apparently contradictory thing of the public.

As regards the point about "forgery," the essence of forgery has nothing to do with the interests of the forger. A person might manufacture money and distribute it gratuitously and evenly throughout the community, leaving himself out of the distribution. Yet he would still be a forger. The essence of the forgery would here be the inflationary results that it would make inevitable by reason of the fact that the forger could not stop prices from responding to the increased monetary demand. And that is the essence of bank-forgeries, the only difference being that whereas the private forger *could* not prevent inflation, the bankers can, but *will* not. "The more money you have the less it will buy," said a famous banker once; and in that statement he was virtually admitting that the extra money would not carry purchasing-power—i.e., it would be forged money.—Ed.]

#### FASCISM AND WAGES.

Sir,—It is certainly possible, under a corporate system, to raise wages, as Mr. McNab, quoting Ez. Pound, states in your issue of January 21. Mr. Pound did not state that it was possible to depress salaries under the same system; for certain sections of Italian secondary teachers have been pushed down to £1 a week, and have been told that what they have lost in Chianti they enjoy in status. The Italian rise, 10 per cent., is not so impressive as it looks. At the time, the *Manchester Guardian* pointed out that the cost of living had risen between 12 per cent. and 20 per cent. over

its value of a year before, and that the increase was decreed in a manner suggesting government uneasiness. It is too early to gauge the effect of the rise on the rest of Italian economy. But, shortly after, the *Guardian* described in detail how, in Italy, relief in one direction was usually accompanied by stringency in another, a feature of orthodox accounting systems which THE NEW AGE persistently emphasises. My own preference is for Social Democracy, because Sweden, after a period of depression, is now the most prosperous and contented country in Europe. All real wages are high, and those in the trades supplying the home market have risen 6 per cent. in four years without undue fuss.

It is interesting to note that our Fascists are now attacking international finance and the banking system root and branch in place of a few Jewish financiers. Social Creditors will find this very helpful during their campaigning. It is satisfactory to be assured that the movement is not backed by Finance. Unfortunately, the dramatic picture of Hitler's orators ranting against Finance outside, while, inside, Von Ribbentrop was introducing him to prominent bankers, is apt to create prejudice.

Many of us share Mr. McNab's contempt for politicians. Sir Oswald and his henchmen are not of that ilk. The intrinsic despicability of politicians was recognised by Shakespeare, who has made one of his characters say, "How like a politician he looks!" Parliament has been evolved in order that we may discipline the breed by threat of dismissal.

P. M.

#### A + B + C

Sir,—Of the three propositions contained in the first paragraph of L. C. J.'s letter in your issue of January 28, (1) is undoubtedly correct. The amount that industry has distributed in respect of any article is the grand total of all the A payments made from its inception to its appearance on the market, while the price asked contains, in addition to this total, all the sums allocated for "Reserves."

If that were the whole story, then proposition (2) would logically follow from (1). But it is not the whole story. A payments in respect of articles being produced for the market are continuously being reinforced by A payments, financed from the aforesaid "Reserves," made in respect of the long term maintenance of capital equipment generally.

So it seems to me that (2) does not necessarily follow from (1) *unless* it can be shown that these reinforcements, financed from Reserves, must always and necessarily lag behind the amount required to make up the difference disclosed in (1).

In the article in question I attempted to show not only the existence of the lag, but the progressive increase of the lag with every increase of mechanisation in industrial process.

I fully agree with proposition (3).

The contribution of Mr. W. S. McDonald to this "elusive conception," submitted for criticism in your issue of January 14, prompts me to ask him whether the production he is considering is consumable production or intermediate production, or both?

He says: "B<sub>0</sub> like A, is immediately available for the purchase of the article produced, or some other article." But, by definition, B<sub>0</sub> is producers' revenue, while A is consumers' income. B<sub>0</sub> is available for buying producers' goods (i.e., for *transferring* costs) but is not available for buying ultimate goods (i.e., for *defraying* costs). On the other hand, A is available for buying ultimate goods but it is not normally available for buying producers' goods. It can, however, be made available for this latter purpose if it is invested.

This consideration, unless I have misunderstood Mr. McDonald, seems to call for a further splitting up—this time, of the product.

A. W. COLEMAN.

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