



THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

News Without Views.

The Times of January 11 contains an editorial article entitled "News in Proportion." It discusses the subject of the selection and presentation of news by those in control of the main channels of public instruction—newspapers, wireless and cinemas. The writer surveys the difficulties attending the task of preserving a right balance of emphasis, so that the public shall have their news presented "fairly." He concludes by pointing out that there can never be a hard-and-fast rule of fairness, that bias cannot be eliminated from particular selections, and that fairness can only be attained—and even then only approximately—through the mutual counter-actions of biased presentations.

Buy More Newspapers?

To readers of THE NEW AGE there is nothing in the writer's survey and reflections which is not already familiar to them, though his treatment of the subject is thoughtfully carried out, and his thesis worth reading on its own merits. But the chief interest concerning it has to do with the reason why *The Times* has thought fit to remind its readers to beware of news emanating from any particular quarter—even from *The Times* itself. No reason is given, or indicated, in the article. Of course, in a flippant mood, one might read into the warning the advice to everybody to buy and read all the newspapers on offer, also procure a wireless set, and also to patronise the cinemas with unbroken regularity. And in that case one might make the sly retort that to follow such advice would necessitate the prior inauguration of the Age of Leisure and Affluence. The injunctions: Read more Papers—Listen to more Wireless—Look at more Movies—are in line with those concerning Fish, Fruit and Milk that are familiar to us; and if we could all buy more education without buying less food, our action would certainly yield commercial benefits to the providers of the education without spoiling the trade of others. But since we live in a Work State where

the Work steals our time and the State our money, it is impossible for most of us to respond to these injunctions.

Selection and Suppression.

So one must look deeper for the reason why the article was published. Our own guess is that it concerns the Abdication Crisis. Since the late King's act of abdication the public have been more and more awakened to the fact that the crisis was sprung upon them by controllers of news who knew of its approach at least several months earlier, but who conspired (of course, with the best intentions) to blockade Britain and its population of newspaper-readers, radio-fans and picture-goers, against imports of intelligence from the Press of foreign countries. Here was a case on a majestic scale of Selection by Suppression and Presentation by Prohibition. This was "News in Proportion" with a vengeance. It reminds one of the judicial monkey who chewed the litigants' cheese to nothing in the process of dividing it into just proportions for division. This news was proportioned into invisibility for the sake of impartiality. A most efficacious device for eliminating bias in presentation—what?

As the writer says, there is never room for all the truth; and he might well have gone further and said that there is room only for a negligible fraction of the news-items from which the truth might be ascertained. For this would have lent more force to a plea that he makes for those whose task it is to select and distribute news. It is "no light task," he remarks. That is true. But the weight of the task varies according to the good faith of the selector. It is a heavy task if he seeks only to present the public with, so to speak, a reduced reproduction of a true cross-section of the vast world-flow of news; but it is no task at all if he seeks to impress any particular opinion or outlook upon those to whom he presents news. It is as easy for him to distort news as it is to suppress it, provided that he himself is clear about the effect that he wants to produce by either method.

The writer of the article says:—

The wireless is the greatest medium for the circulation of news in this or any other country. Here wireless news is agency news. It is reduced to broadcasting form in the broadcasting headquarters, but the raw material is supplied. It aims at being impartial and knows no conscious bias. Yet how easily news may take on a wrong cast was pointed out by Mr. F. W. Leggett, of the Ministry of Labour, when talking the other day on the diffusion of industrial news. The fact of a minor dispute or strike made known by broadcast is, by the very fact of the broadcast, taken out of its true perspective. Broadcasting, as Mr. Leggett said, gives news a "front page" position, and a relatively trifling bit of bother gets bruited abroad with untruthful truthfulness. The next morning's paper will, no doubt, tuck the same fact away in another and more accurate appraisal of its significance, but the broadcasting effect is not lost. News, unless well controlled, tends to get out of hand like that. The recording of strikes is easier than the recording of the normal conditions of industry, which is peace. Crime, it may be said, claims more publicity than the observance of the law. . . .

In another place he remarks of the presentation of news that: "The force of iteration is immense."

The Relative Importance of News.

These quotations, taken together, are illuminating. To begin with, it would be interesting to know what is the "true perspective" in which the importance of an industrial dispute should be viewed. The writer, it will be seen, associates strikes with crime—an attitude which partially reveals his own idea of what constitutes a "true perspective." Presumably, if he were a selector of news, and he received two items, one of which reported a strike somewhere in England for a rise in wages, and the other an attack somewhere in Spain by General Franco's forces on an obscure village, he would tuck the first item away to make "front page" room for the second. Now, if we assume him to be a distributor of world-news to the world—let us call him a Basle Broadcaster, whose function it was to effect clearances of news relating to international settlements—no doubt he would be right in preferring Franco's exploits to those of the unknown strikers. But not if he were a distributor to the English people of news affecting the interests of the English people.

It is a gratuitous and biased assumption on the part of news-distributors that a major event in one country is of more importance than a minor event in another. The importance of either is its importance inside the area where it takes place. The Spanish citizen might well say: I don't want to hear about English strikers; but the English strikers and their dependants and neighbours might retort: We don't want to hear about Spanish rebels.

The writer claims that in this country wireless news is agency news. That is to say the news is not manufactured by the British Broadcasting Corporation, but is "supplied" to that body, who proportion it by judicious selection. The suppliers are chiefly the Central News Agency, Reuters, the British United Press and other collectors of news items. These, too, proportion the news by selection. The proportioning is obligatory quantitatively owing to limits of cost in respect of distributing news. But it is voluntary qualitatively—the

selected items can be assembled into alternative patterns according to the particular effect which distributors may wish to produce. For example, the publication of news from Spain has to be limited in quantity for commercial reasons, but the news supplied to the distributors can be further limited for political reasons, whether by the omission or the under-emphasis of items which are discordant with the policy of the distributors. A comparison of the presentation of Spanish news by *The Daily Mail* and *The News Chronicle* respectively on any given day will illustrate this truth.

The Creation of Events.

But this analysis is comparatively superficial. It represents the atomic theory of news, whereas there is a sub-atomic theory of news. Even supposing that it were possible for the whole news of the world to be presented in a perfectly proportioned form, and distributors' policy was to present it in that form, and that the public were capable of placing a common, accurate, comprehensive construction on it, nevertheless the effect on the public would be grossly misleading. The reason for this is that the news is "cooked at the source." By this we mean that a vast number of events, which are the sub-atomic elements of news, are events which themselves are manufactured. They are manufactured by the International Money Monopoly. Not necessarily positively, but, when not, negatively. The International Money Monopoly possesses the power, and uses it, to create events by taking action, or by refraining from taking action, in the secret sphere of credit-manipulation. Since the methods by which it creates these events are not suspected by the public, the events seem to be natural events, that is, events which are inescapable in the same sense as are storms, earthquakes, eclipses and so on. And the hidden creators of these events deliberately help the illusion by expressing fatalistic sentiments such as are represented in the mournful phrase: *Human nature being what it is!*

Events Born of Money-Shortage.

Readers of THE NEW AGE will realise that we are here speaking particularly of "major" events in international politics, although what we say covers a host of "minor" events diminishing in dimensions down to such items as smash-and-grab raids. All of them, from top to bottom, can be traced back to one common cause, and that cause is the inadequacy of purchasing-power to secure for individuals a tolerable and assured standard of living. This inadequacy is a worldwide phenomenon: it persists in every country irrespective of the form of government or the temperament of the governed. It constitutes a frame of circumstance in which events happen; and since the events take their colour from the circumstance, they are unpleasant, unsettling, events. But this frame of circumstance is deliberately created and perpetuated by the International Money Monopoly. It could be changed immediately and completely if the constituent bodies composing that monopoly, that is, the chief central banks of the world, chose to change it. But they do not so choose; and the consequence is that human nature rightly impels individuals, singly or collectively, to seek relief. In the search they come into conflict with each other. They are bound to do so, because where there is a general insufficiency no individual, or community, can achieve sufficiency without intensifying it elsewhere.

Scarcity-Conflict and Discipline.

So the news of the world to-day is news of conflict going on in the world. And however this news is "pro-

portioned" it creates the impression of the inevitability of conflict merely by presenting evidence of its universality. Because it is going on everywhere, on all planes of life, and at all times, therefore, so the peoples are prone to conclude, it must be the expression of an ineradicable failing in human nature itself. From this it is a short step to acquiescence in the doctrine that human nature must be brought under discipline. And throughout the world to-day there is no community which does not yield such acquiescence—the only difference being concerned with how measures of discipline shall be imposed and who shall impose them. And even this difference, if carefully analysed, will be seen to concern simply the degree to which discipline is visibly and directly imposed or is invisibly and indirectly imposed. The situation recalls the fable of the man in the cloak, where the wind and the sun entered into competition to see which was the more effective way to deprive him of his protective covering—blowing it off him or shining it off him. The outcome of the trial was that the democratic sun triumphed over the despotic wind. Probably the wind paid over its bet to the sun, and the two went off to buy a drink. What became of the cloak we do not hear. Let us hope that the man did not throw it away. But in political life to-day men lose their coats irrevocably—that is, their economic initiative and political freedom—because they see no other way of escape from their condition but by consenting to discipline.

Conflict the Bankers' Crime.

Let us revert to the British Broadcasting Corporation, coupling with it the name of Mr. Montagu Norman's brother. It will be seen that in the last analysis the news which is supplied to Mr. Montagu Norman's brother for proportioning is news of events which Mr. Montagu Norman has caused to happen, or at least has helped to cause in consultation with other central-bankers. The writer in *The Times* might well say, as he does, that "crime claims more publicity than the observance of the law." The fact is that most events claiming publicity are the political by-products of a financial crime. The element of conflict, which is the common characteristic of them all, arises from the endeavours of people to observe high-financial laws whose requirements are irreconcilable with the need of men for a tolerable standard of comfort and a sense of security. The remark of the French Mayor is apposite here: he said: "The law? We must respect the law? But, my friend, if we always respected the law, life would become intolerable."

The Dilemma of Governments.

The Bank for International Settlements on the financial plane is the author of international unsettlements on the political plane. It seeks (speaking ideally) to discipline a world of nations into accepting rations out of a collective supply of wealth which it is deliberately keeping short of the world's collective requirements. While this happens every Government is placed in a dilemma, namely that if it seeks to get a "fair" ration it will be in conflict with other Governments whose rations would thereby be reduced; and that if it accepts an "unfair ration" it will be in conflict with its own nationals. So each Government is potentially a storm-centre of external and internal conflict. The situation is graphically illustrated at the moment in Spain, where the inner and outer conflicts have merged into one conflict, the logical end of which would be a "proportioned" world-war conducted by English, French, German, Italian and other expeditionary forces on

Spanish territory, and surging over the graves of an exterminated Spanish people.

Why Dictators Strike Bellicose Attitudes.

Reflection on this analysis will incidentally explain why it is that political dictators like Mussolini and Hitler make it their practice to strike bellicose attitudes towards other countries. These men are no more ready to bite than are other rulers who bark less loudly. But they have chosen to impose drastic, open, discipline upon their respective nationals, and thereby accepted the responsibility for doing so. They are personally answerable for the consequences of their policies inside their own countries. They have, by their own choice, restricted the scope for evading responsibility which is practised by the rulers of democratic countries. In England, for instance, if anything went seriously wrong, and the people wanted to exact retribution from any person, they would have a job to select their victim. The Constitutional wardrobe would be opened, and disguises handed round. The Prime Minister would put on a Cabinet Uniform, the Cabinet would put on their Parliamentary uniform, Members of the House would put on their Constituency uniforms, and the exasperated constituents would be calmly told that they themselves, if anybody, were responsible, because they had been free to say what they liked and vote how they liked about the Government and its policies. As for Mr. Montagu Norman and the other directors of the Bank of England, they would appear in the Commercial uniforms of banking functionaries, pointing out that they were as subject to Government control as were the directors of any other business enterprise. It is a slicker game than passing the buck—it amounts to losing the buck.

Democracy and the Alibi.

Well, buck-passing is not disdained even by the most courageous autocrat, but rulers like Mussolini and Hitler, by reason of their pretensions, are rather cramped for room to practise it at home, and must rely more on doing so abroad. They are obliged to create a picture of outside dangers—foreign plots against the integrity and safety of the State. This distracts the attention of their subjects from the irritation of the discipline, and it also puts them in a disposition to blame foreign powers for any domestic disasters that may overtake them. The truth is that whatever reasons the common people may have for preferring Democracy to Autocracy or *vice versa*, the classes whose ambition it is to rule have only one criterion of judgment, and it can be indicated in the question: Which form of Government affords the best alibi for rulers compatibly with the most effective disciplining of the ruled? Under this test Democracy scores points on the alibi, but Autocracy scores points on the discipline. Under Democracy the people are slower in responding to discipline because the source of it is more remote. The remoteness of the source obscures it and thereby perfects the alibi. Under Autocracy the people respond quickly because the autocrat is willing to gamble his alibi on getting quick results by direct orders issued on the authority of his name and prestige. Naturally the voluntary submission of the people facilitates the process. As Dr. Einzig has remarked in his defence of Fascism, people are fortunate who wish to do that which they would be compelled to do in any case. That is why the Dictator has to be a hero or to get his subjects to regard him as one. In the cases of Mussolini and Hitler, both

have won recognition as heroes—and there is no questioning that in the process of rising from their obscurity to their fame they did display qualities of courage and resolution which entitle them to take charge and give orders.

Why Britain Stays "Democratic."

The democratic system holds its own in this country because (a) the machinery of concealed discipline has been brought nearer to perfection here than in any other, and (b) a change-over from democracy to dictatorship would disturb the queues of aspirants for power which have been respectively forming up for careers in the several directions open under the democratic form of administration. Thus both the bankers as the inspirers of policy, and everyone who has embarked on and trained himself for, a career as e.g. a private secretary to an M.P. or Cabinet Minister, a Minister himself, or anything else, are at one in resisting any drastic change. There is enough friction in the aforesaid power-queues when anyone tries to insinuate himself in the line instead of joining the tail; but that would be nothing to the exasperation that would be felt by a long-waiting queue if an entirely new one suddenly formed up outside a door which had hitherto not been regarded as a legitimate entrance to the "Hall of Privilege." The bearing of this on the Fascist movement in this country will be evident. Sir Oswald Mosley is, as it were, standing at a new door to political power, and behind him are lining up people drawn away from the tails of other queues, and even people who haven't been waiting in any queue. The front people of the other queues are wondering whether to cross over or stay where they are—wondering whether the new door will open first, and if so, whether the Mosley crowd would make it their first business, on entering, to run round and double-bolt the other doors.

British Bankers and Fascism.

This is why we are hearing such eloquent talk about Fascism being "alien to the British spirit." It probably is; but in recent years the British spirit has been obliged to tolerate a good many things alien to it. No, this talk comes from people who would have no objection to Fascism if they could be assured of a position or status under it equal to that which they enjoy or expect to under Democracy. There are even people who sympathise with the Social-Credit fulfilment of Democracy, but who would violently oppose any method of hastening its institution which threatened to prejudice their present position or status. However, the point about Sir Oswald Mosley's queue is that its chance of entering and occupying the offices of government is a matter of the bankers' choice. At present they are content to work through the democratic system. They have secured, in the Baldwin Administration, a set of types who are perfectly trained in the art of making the remote control of the people effective while concealing its source and its tracks. But if anything happens to unveil this secret, or to impair its inviolacy, the bankers will not hesitate to set up an open Dictatorship with powers to suppress free speech. It is on the cards that they might go farther than Italy and Germany, and make the Governorship of the Bank of England one of the prerogatives of a British Fascist Dictator. We do not say that this extreme course is likely to be taken, but we mention it as something which they are easily able to do if they choose. Something of the sort is, indeed, happening in Germany, or at any rate reported as happening there in the British Press (for one must allow for the

"proportioning" of news) where the public have been informed that "Hitler sends Schacht to Paris." Well, if Hitler can give orders to the Governor of the German Central Bank, then he is virtually himself the Governor. Of course we know that the custom of the Central Bankers is to tell governments what orders to give, but that is no obstacle to the plan for making the supreme political head of the State the supreme financial head thereof. It would cut across the doctrine that credit-policy must not be interfered with by politicians; but significantly enough that doctrine was most intently asserted as the close of the Great War, when it was not clearly seen to what extent representative Governments would be able to maintain that ascendancy over the people which they had attained during the War. It was thought necessary to provide them at least with a formula by means of which they could excuse themselves from bringing in reforms or redressing grievances while professing strong sympathies with those objects. The bankers could not foresee the temper of the people on the return of peace. As things have turned out some governments have gone Fascist, and those which have not have maintained their ascendancy sufficiently to be able to regulate political pressure from below, and therefore to ignore it. So to-day there is little use in preaching the doctrine of non-interference in credit-policy. No Government wants to interfere; and it does not need to invoke the doctrine precisely because it is in too strong a position to condescend to make excuses to the people for its acts of commission or omission.

Britain's Super-Fascist Democracy.

In this connection it is interesting to recall the attitude disclosed by some newspapers after the abdication of Edward VIII. It took the form of a taunting invitation to unnamed foreign governments to take notice of the effective way in which this country was able to depose one King and set up another while carrying on "business as usual," to quote a war-time slogan. This taunt could mean nothing else than saying: Just look at us: in spite of our adherence to democratic institutions we were able, when the occasion demanded it, to act with more speed and ruthlessness, and with less disturbance to our domestic relationships, than could any despotic ruler. In blunt words, the Lang-Baldwin secret seven-day dictatorship got better results than would have any open, permanent dictatorship. The moral insinuated was this: If you want to see Fascism in excelsis watch our Democracy!

Alberta News Items.

The *Times* Correspondent at Edmonton added only one item of news last week. This was published on January 12. It read as follows:—

The caucus meeting of Social Credit members of the Alberta Legislature, with only three absentees, including Mr. Ross, the Minister who recently resigned, yesterday reviewed the Planning Committee's recommendations for Social Credit legislation. Modifications of the plan for the printing of Alberta money are reported to have been recommended to the Cabinet.

The Cabinet announces that the Legislature will meet on February 25. So there may be still some considerable delay before an official statement of the Alberta Government's intentions is issued.

Social Credit of January 15 reports a statement to

the effect that Mr. John Hargrave had been invited to produce a plan but had declined, though he had expressed his willingness to look over any plan produced by supporters of the Government if invited to do so, on the condition that he took no responsibility, for he did not wish to be regarded as a technician.

In the *Ottawa Citizen* of January 8 a written statement by Mr. Aberhart is reproduced in which he pays a tribute to Mr. John Hargrave as "a man who is efficiently and capably rendering every assistance in this great experiment that will affect the whole world."

Elsewhere in the same issue of the *Citizen* Mr. Hargrave is described as the "technical adviser to the planning committee."

With reference to the resignation of the Hon C. C. Ross from the Alberta Government the significance read into it by the London Press (including *The Times*) is misleading because that gentleman was invited to join the Cabinet purely on his qualifications as an administrator (ministry of mines) and, moreover, was a strong opponent of Social Credit during the election. So his departure has done nothing to weaken the prestige of the Government.

Alberta's Opportunity.

Following our Notes of last week on the nature of Mr. Aberhart's problem in Alberta, a survey of comments in the English Social-Credit journals serves to emphasise the appeal, implicit in our analysis, for suspension of judgment as regards Mr. Aberhart's new policy—whatever it may turn out to be.

We believe that we express the feeling of the Social Credit Movement when we say that discussion of the alleged past mistakes of the Alberta Government is unprofitable unless it be so conducted as to afford guidance to that Government on what it ought to do next, and henceforth. And not only guidance as to principle, but guidance as to methods, step by step, in order of time. Otherwise the discussion can have none other than mischievous consequences.

According to what we gather from our survey of recent criticism it would appear that it converges on the fact that the Government have done nothing to improve the economic condition of the Albertan people, but, if anything, have worsened their condition by the imposition of increased taxation. This implies that the Government could have avoided this negative (or injurious) result. But the criticism is not accompanied by any indication of the methods of avoidance that could have been adopted, much less a description of them.

Readers who consult *THE NEW AGE* of January 23 and February 20, 1936, will get a fairly clear conspectus of the main problem that Mr. Aberhart had to deal with. As a background it should be remembered that when he took office in August, 1935, he inherited the obligations of the outgoing Government. Among these was the payment, at the end of that year, of interest to bondholders amounting to £400,000. He and his Cabinet—all men without previous experience of provincial administration—had a matter of six months or so to look round and get accustomed to the routine of their respective jobs. While they were doing so the Canadian bankers were pushing forward their plan for their Loan Council on the Australian model. Their object was hinted at by the *Financial Times* of January 16, 1936, which commented.

"Probably one of the most important results of such a plan would, it is considered, be the final disposition of social credit as a practical possibility for Alberta."

In January, 1936, a Federal Loan of £400,000 was granted to Alberta. The Albertan Finance Minister announced that the loan had been made so as "not to allow" the Province to default. The whole proceeds were absorbed in fulfilling obligations on bonds, prac-

tically all held externally. The construction to be placed on this event is that Mr. Aberhart was prepared to default rather than raise the money in taxes. The initiative was on the part of the lenders, not the borrowers. It is true that he consented to contract the loan, whereas he might have refused to accept it. It has been suggested by his Social-Credit critics that he might have avoided default in a formal sense, without borrowing and without levying taxes, by offering payment in kind—by delivering Albertan produce to external creditors on some basis of monetary valuation. This would, of course, have meant what financial jurists call the unilateral variation of the terms of a bi-lateral contract, a course which would be illegal, and perhaps unconstitutional, unless taken with the consent of the other party. To the militant Social-Creditor this would be by no means a final objection, for the pursuit of the Social-Credit objective by any practical steps is inherently incompatible with the laws of the Constitution as interpreted and administered by the Courts. So the above criticisms of Mr. Aberhart can be credited with a point for suggesting that a constitutional issue might have been raised by the adoption of their suggestion.

But Mr. Aberhart should not be seriously blamed for not seizing the opportunity at that early date—particularly since the opportunity is recurrent, presenting itself every time an interest-payment falls due.

Another item in his defence is that he was dependent on grants from the Dominion for various internal purposes, including relief; and he had to reckon with the possibility that the money might be withheld if he refused to legalise the bankers' plan of paying the interest to the bondholders. We do not think that this would have happened; but what we think to-day, after twelve months of observation and reflection, is irrelevant to a judgment on what Mr. Aberhart thought, without that advantage, in January, 1936.

Again, it must be remembered that previously to this the Canadian bankers had planted Mr. Magor on Mr. Aberhart; and it is reasonable to suppose that Mr. Magor did his best to exploit any uncertainty that he may have detected in Mr. Aberhart at that early stage. Mr. Aberhart had no counsellor at hand of equal calibre to that gentleman as a technician and diplomat. We do not read any significance detrimental to Mr. Aberhart's judgment, much less to his integrity, in his acceptance of Mr. Magor as an official adviser at that time. He would have been "advised" anyway in the sense that the Canadian bankers would have found some other private means of warning him off from heterodox financial policies.

We regret that Mr. Aberhart did not subsequently disclose the "advice" given him by Mr. Magor; but it is possible that Mr. Aberhart could justify his silence on the ground that he had explicitly bound himself to treat Mr. Magor's counsels as confidential, or that, by publicly accepting Mr. Magor as official adviser, he had implicitly bound himself to do so. In that case we should respect Mr. Aberhart's observance of an obligation of honour. "Gentlemen adventurers" (as a speaker at a *NEW AGE* dinner once designated the small band of Social-Credit veterans assembled there) do not betray a confidence, even from their enemy.

Action—Who First?

"If you will look at it without bias and without prejudice—and I am quite sure you will do that—you will agree that it is most definitely incumbent on people who are prepared to do a good job when they see it to realise that if something is not done about the obvious failure of this ticket system, this thing that stands in between the production and the consumption of the world's economic system, then we shall have to stand down and let people try who quite clearly are less fitted to do that thing—I say they are less fitted because they have not had the experience that is necessary to deal satisfactorily with it. Somebody must do something, and the practical question is, who is going to do it first?"—Extract from address delivered by Major Douglas to the Canadian Club, Ottawa, April 24, 1923.

Alberta's Problem.

"THE NEW ENGLISH WEEKLY'S" ANALYSIS.

Extract from Notes in issue dated January 14, 1937.

The facts of the Cabinet crisis in the Social Credit Government of Alberta are insufficient at the moment of writing to justify much comment. As far as they go, they reveal that a conflict, not unexpected, between the radicals and the gradualists has arisen as to whether the time is ripe for more vigorous Social Credit legislation. Mr. Ross, Minister for Lands and Mines, and largely responsible for the stamped-scrip measures now in force, has resigned, apparently in dismay at the demands now put forward by the "ginger group," for banning Dominion money from the Province and issuing a subsidy in relief of prices. These measures are advocated in application of the "hundred per cent. Douglas theory" which Mr. John Hargrave is reported to have joined in urging upon the Alberta Government. We note with interest that Major Douglas's own organ, "Social Credit," has promptly responded with a statement amounting to a warning that whatever failure may result from attempting cent. per cent. Douglasism, it will not be the fault of the doctrine, but of the "failure of judgment in putting forward a plan at all in such circumstances." Major Douglas's own original recommendations for Alberta, it may be recalled, embodied more like two per cent. of his complete desiderata.

That Major Douglas should now wish Alberta luck and carefully disclaim responsibility is consistent with his former policy in this matter, whatever else may be thought of it. At the same time, we must recognise that if an overwhelming Government majority, elected to instrument Social Credit, can do as little towards its expressed object as Major Douglas has generally seemed to anticipate, it is hard to see who can, in any circumstances short of revolution. It is true that Alberta is at the primary and major disadvantage of having no constitutional control over its own sources of money, so that Mr. Aberhart's first problem was to gain ascendancy over the enemy within—the "foreign" money billeted upon Alberta's citizens. To put up any fight at all for monetary autonomy, that was the enemy that had to be either attacked, or in some way outwitted or undermined. Major Douglas himself, seeing frontal attack as far too hazardous, recommended some sound if cautious measures of preparatory strategy. Mr. Aberhart, after the preliminary difficulties, adopted gradualist tactics of his own, and it is safe to say that he did better with them than Major Douglas expected. But the policy the radicals in Mr. Aberhart's camp are now persuading him to adopt is more like a mass attack on orthodox-international finance. It includes the issue of Alberta money as legal tender, and the virtual expulsion from the Province of the private bankers and insurance companies.

A Cure for Slumps.

[From leading article in "The Times" of January, 14, 1937.]

In these modern times the alternation of the cycle has become so violent, so devastating in its effects, that the old fatalistic attitude is no longer possible. Whether we like it or not we are compelled to work out a science of economic engineering and economic irrigation to maintain a steady flow of the river of business activity, protecting industry from alternate floods and droughts. A beginning cannot be made too soon, for, as Mr. Keynes points out, it will be too late to discuss remedies when the crisis is upon us. It is appropriate that this initiative should come from an economist whose capacity for acute analysis and original thought is combined with exceptional gifts of persuasion. He has now stated the problem and has himself suggested possible lines of solution. Put briefly, like the Swedish Minister of Finance, whose views have been quoted above, he would have the Government abstain at this stage from any further effort to stimulate general activity, while urging them to more vigorous action for the rehabilitation of the special

areas. What is needed to-day, he says, is a better distributed demand rather than a greater total demand. But, if we wish to go slow with certain types of investment that can be postponed, then some other means, he insists, must be found for achieving this than by a higher rate of interest. Dear money in the past has followed recovery and is therefore regarded by some as "healthy" and "natural." But it has also heralded the slump, and if we play with it now he believes that the slump will be made inevitable. He urges that the long-term rate of interest must be kept continuously as near as possible to the long-term optimum and should never be used as a short-term weapon. He would have the Chancellor meet the main part of armament expenditure out of taxation, raising taxes and withholding reliefs for the present in order to have something in hand for 1938 or 1939, or whenever there are signs of recession. He would like to see a temporary rebate on tariffs wherever this can be done without throwing British resources out of employment, and would not worry over a worsening of our trade balance or a temporary strain on the Exchange Equalisation Fund; since, in his view, it is desirable that the raw material countries should be allowed to replenish their gold and sterling resources this year in order that they may be able to buy our goods later, when an increased demand in the export trade will be most useful to us. These suggestions are intended to check any tendency towards an unhealthy boom. As a more positive and constructive method to safeguard the future, he urges the setting up of an authority whose business should be, not to launch any scheme of public investment, but to make sure that sound schemes are ready against the time when they will be needed to revive flagging activity. With equal insistence he advocates that the Bank of England and the Treasury should use their great powers to keep the rate of interest low enough to make profitable a flow of new projects at the requisite pace.

[NOTE.—Mr. Keynes's articles appeared in *The Times* of January 12, 13, and 14. His proposals, reduced to a short technical formula, amount to this: In the midst of inflation begin to deflate. They may be comprehensively described as the Keynes *in-deflation proposals*, or, more obscurely (and thus fitly), as his *interim reflation proposals*.—Ed.]

LETTERS TO THE EDITOR.

FASCISTS AND FINANCE.

Sir,—We note that in your issue of the 7th you publish a letter of the Rev. Paul Stacy containing what I hope you will allow me to describe as a passage of the most fantastic nonsense I have ever read:

"It would have provided the Fascists (the self-called 'King's men') with an opportunity to obtain popular support, with a false issue and objective. Then the financial groups already supporting Mosley would have swung into line behind him, and there would have been a great danger of a Fascist dictatorship getting into power. The King's abdication has deprived Mosley of this opportunity for which he has waited so long."

Who are "the financial groups supporting Mosley"? As Mosley in his speeches, and all the rest of us in our speeches and writing, spend the best part of our time in denouncing both international finance and the banking system, root and branch, it would be extremely interesting to know which of the bankers and financiers are on our side.

To put the matter from your point of view rather than our own, is it conceivable that a movement or party supported in any way by vested financial interests could possibly be supported whole-heartedly by so well known a Social Credit pioneer as Mr. Ezra Pound, who now writes regularly in our Quarterly Journal, and stated in an article he contributed to the *Fascist Quarterly* for October last:—

"When the B.U.F. announce that they 'see no reason why corporate organisation and a managed currency should be unable to raise the consuming power to any level justified by productive capacity and our Imperial resources,' they merely assert for the British Empire what

Odon Por and I have been for some time asserting for Italy or for any other country. . . . Three million Italian workmen are getting higher pay than they were in July. That definitely *proves* the B.U.F. contention that you can increase the public purchasing power with corporate organisation and managed currency (at least in relation to commodities sold at a just price by law determined"). I have no wish to re-open the discussion concerning the Monarchy crisis. As Fascists honour the Crown and despise the politicians, they were prepared in every lawful fashion to support the King to the utmost so long as he remained upon the throne. The moment, however, that King Edward himself settled the matter by refusing to fight the politicians, any further support of him against King George VI. would have been both futile and treasonable, as well as being opposed to his expressed recommendation in his broadcast speech of farewell. On that account Fascists unreservedly support the New King.

But all this talk of money interests behind Mosley and attempted *coups d'état* is sheer twaddle, and it is really very surprising to find a journal, professing realism, which advances it in any serious spirit.

J. A. MACNAB,
for the British Union of
Fascists & National Socialists.

SOCIALISTS AND FASCISTS.

Sir,—The Rev. Paul Stacy's letter (*New Age*, January 7) stresses a most vital issue in the recent "crisis," and one which will be sure to occur in the next crisis.

The Fascists stood shoulder to shoulder with the Social Credit movement. They were thus able to deflect from S.C. efforts all the support which the various Socialist movements would otherwise have been able to accord to the King Edward. But Mosley created a situation wherein the Labour people were unable to support an acknowledged democratic King because Mosley interposed Fascism between King and people.

There is Social Credit's lesson, and, indeed, the lesson for every other sort of genuine monetary reformer. Mosley, having already learned the need to queer the pitch of the workers' political movements by adding "National Socialist" to his title (he knows whom he has to subvert, and he knows he is quite safe on the capitalist side), swiftly adopted an anti-banker façade for the same purpose.

If S.C. wants to dethrone the wicked bankers, then Mosley can supply the technique—and with far more drums and trumpets than monetary reform can command. Mosley's "economists" are echoing the slogans the Greenshirts have made known, and so long as S.C. confines its aversions to a coterie of international financiers, so long will Fascism steal their thunder and step into any breach engineered by finance—as last month's "crisis" was engineered.

International Finance is part and parcel of International Capitalism, and the most powerful opposition to those twins of hell is a People's Front, in which every anti-capitalist stands side by side with anti-bankocracy. That policy alone can queer Mosley's game. At present Mosley cries, like the Douglasites, "Down with the Banker and God save Competitive Capitalism."

Thus does retribution overtake any departure from the Truth, for bankers and competitive capitalism are one, and neither can endure without the other.

While Fascism can echo the aims and slogans of Social Credit then there is little chance for economic democracy—
GLADYS F. BING.

"A + B + C."

Sir,—Much as I appreciate L. C. J.'s proposed method of approach to the problem, it is one which I should prefer to leave to him to work out.

When he says that "industry as a whole is attempting, at the time of marketing its products, the impossible task of continuously extracting from the pool of purchasing power more than it has *previously* put into it in respect of those products," he is comparing prices at one time with income distribution at an earlier time.

The analytical method used by Major Douglas is that of comparing the velocities of two streams at any one given moment—the same moment for each. Following that method, I attempted the comparison of the rate of generation (not flow) of new costs with the simultaneous rate of generation of new incomes, and I still think that this method is likely to be more productive than that proposed by L. C. J.

Nevertheless, I hope he will follow it up, and I wish him good hunting.

If Mr. Franklin will be good enough to read the article in which this comparison was made, he will see that the "prices consumers have to meet" are not A payments alone, but are the sum of A payments and C allocations. If Mr. Franklin can show that A + C' can possibly equate with A + C in an expanding industrial economy, then I will agree that the existing system may possibly be self-liquidating.

Mr. Franklin must have read the article on funded debt carelessly to say that I insist that funded debt is not self-liquidating. I pointed out that we do not claim that debts and credits are not self-liquidating within the banking system; we claim that costs and incomes are not self-liquidating within the industrial price-system—a very different thing. Long-term loans by the banking system, in funded form, prevent this price-system from stalling. So his question (i.) does not arise.

In reply to his question (ii.) may I refer him to the latter part of the A + B + C article, dealing with dividends, and particularly to the last paragraph of all.

Now, I do not suppose that Mr. Franklin will contend that all the interest payments on bonded debt made to the Central and Joint Stock banks are distributed to bank shareholders as dividends. The portion that is not so distributed must be distributed in other ways if deflation is to be avoided. It must be issued as loans; and the corresponding deposits will appear partly as "new" credits and partly as "replacement" credits. In so far as they are replacement credits they will not appear as incomes at all, and this leaves an old cost outstanding. In so far as they are new credits they will, admittedly, redistribute the old incomes, but with new costs attached to them. The old pre-costs which were attached to them when they were previously in consumers' hands, before the Inland Revenue authorities abstracted them, are thus left undefrayed, and the costs-incomes ratio is worsened. Which disposes of self-liquidation.

"Finally," I do not know what to make of Mr. Franklin's last paragraph. "Shareholdings are not debt claims." I never said they were. "And capital assets are assets." Are they? In a barter economy, yes, always. But, in a money economy, a "capital asset" is an asset just so long as consumers are in receipt of sufficient money incomes to buy its products at prices which include all costs. When this condition no longer obtains, the factory or farm, or whatever it may be, ceases to be an asset at all, either to its shareholders or to the rest of the community. It may become a liability—to the shareholders.

A. W. COLEMAN.

Sir,—I say, without fear of contradiction by any whose opinions matter, that Mr. Coleman has yielded no single sector of the front line constructed by Douglas. There are, unfortunately, over-enthusiastic supporters who push forward quite untenable salients, which Mr. Coleman has no hesitation in sacrificing. There are also many positions which are not held at all, but which are the objects of repeated solemn bombardments by Mr. Franklin and his like.

May I offer a few suggestions about Bank money? They are intended merely as a basis for consideration, and I am not, necessarily, prepared to defend them to the last ditch.

If I take a gold bar, which I have found under a goose-berry-bush, to the Bank, I can obtain a credit in the Bank's books. I can draw upon it in cash and spend the money as I wish, and so can anyone else who gets it from me. If I transfer it by cheque, the Bank still has the

money (which it may issue against gold) and will pay it on demand. So long as I leave it, the Bank is my debtor, but I have no power except to demand the money. There is no *contra* debt—at this stage.

If, however, my credit arises through my receiving a cheque from someone who has borrowed from the Bank, then my position is *nearly* the same as before, but this time there is a *contra* debt. That there is a difference between the two cases is obvious. Moreover, while the Bank, in virtue of its hold over the debtor, is in a position to control his actions to a greater or less extent, *my* hold over the Bank is still only to the extent of being in a position to demand money; and though the Bank has, in this instance, probably not got the money (hence my "nearly" above), *this does not matter, for, in emergency, the Government will permit the creation in notes of the money which has already been created in the Bank's books.* Hence the control or power wielded by the Bank has no *contra* item. One can, in fact, hardly apply the term "debt" to the Bank's obligations, since it will always be authorised, in the event of pressure to pay, to create the means of payment.

I would add that exponents of Douglas Social Credit have no objection to the creation of money by banks. They do object to the power at present conferred by the ability to create, and even more by the ability to cancel, money, and they object to the policy which that power is, at present, used to subserve.

A BAD WORD.

G. F. L.

"We shall have to commence the operation with a semilunar incision," reported the doctor. "Why couldn't the bally old sawbones say—make a half moon cut," remarked my old friend. Merely professional pedantry with the medical man, no doubt. But when public speakers and writers use the word *malnutrition*. It is not mere pedantic mouthing, but comes nearer to cowardly lying. They dare not say it in plain English—*starvation*. The word "starvation" carries with it the idea of starving to death, quite a shocking association, an idea to be shooed off at any cost; while one never thinks for a moment of malnourishing anyone to death. "A certain amount of malnutrition in the Special Areas" doesn't shock anybody. But millions of people there and elsewhere are being steadily starved in mind and body to disease and death because we English are too hopelessly stupid to realise the fact.

PHILIP T. KENWAY.

ANSWERS TO CORRESPONDENTS.

THE ABDICATION AND THE ELECTORATE.

A. M. B.—Your question about Members of Parliament and their constituents was, you will have seen, partially answered by the disclosures in Mr. Arthur Krock's despatch of December 14 last to the *New York Times*, which were reproduced last week (January 14, 1937) under the title, "Political Background of Abdication." The report that you heard, namely, that during the critical seven days "the Government sent the M.P.s to their constituencies to tap the feelings of the country," seems to be unfounded. Mr. Krock's account of the secret meeting of party leaders can be safely accepted because of the high antecedent probability that Lang and Baldwin would wish to assure themselves beforehand of Parliamentary endorsement of the action they proposed to take. For all practical purposes to "tap the feelings" of the party leaders was to tap the feelings of "the country" in the sense that, once granted that the Conservative, Liberal, and Socialist party caucuses (with their money-chests and Whips) gave secret pledges to back the "Lang-Baldwin conspiracy" (to adopt a phrase in *The Freethinker*), the support of the House of Commons would follow automatically, irrespective of what the electorate might be feeling about the issue. It is, of course, possible that certain individual members of Parliament were let into the secret and were permitted to consult, in confidence, some of their most influential local supporters in the constituencies; but that is a far cry from "tapping the feelings" of the constituents. In fact, it would indicate the reverse process, namely, that of imposing a point of view on them, not eliciting it from them.

Tell Your Banker

One Family One Playing-Field

Do you want to commemorate the Abdication of Edward VIII in a way that will lead to the complete fulfilment of his wish for the release of the poor from the bondage of their poverty?

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because it will enable the people to provide themselves with open spaces where they want them. Centralised mass-production of goods means centralised mass-congestion of people. Dividends mean decentralisation. They will buy for every family room to breathe and grow—in the flesh, the mind and the spirit.

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Help The New Age in its work towards making the Throne a fit place for heroes to occupy.

DO IT AT ONCE

Self-Provided Employment.

Tulsa, Oklahoma, Saturday. Reminiscent of the window-breaking exploits of Charlie Chaplin's "The Kid" was the method employed by C. A. Hood, of Tulsa, in making himself a job, when refused unemployment relief. Hood was questioned by the police, who found him painting out the numbers on houses. "I had to make a living," said Hood, "so I painted out the numbers and then went round asking the people if they wanted new ones painted."—B.U.P.—(*The People*, November 29, 1936.)

Forthcoming Meetings.

LONDON SOCIAL CREDIT CLUB.

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

Friday, January 22, at 8 p.m. "Social Credit in 1937," by Mr. W. L. Hunt.

Friday, January 29, at 8 p.m. "Banking," by Mr. R. Thomas.

Notice.

All communications concerning THE NEW AGE should be addressed directly to the Editor:

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