

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 2325] NEW SERIES Vol. I.X. No. 22. THURSDAY, APRIL 1, 1937. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

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## NOTES OF THE WEEK.

### Insurance and Public Policy.

Lord Wright has delivered a judgment on Appeal which, if it stands, will enable life-insurance companies to refuse to pay claims arising from deaths due to suicides committed by insured persons while of sound mind.

He bases his judgment on the grounds that (1) when a person takes his own life in such circumstances he commits a crime, and (2) that in law a person is not entitled to benefit by the commission of a crime.

This judgment reverses that of Mr. Justice Swift, who found that the insurance companies were liable to pay.

The case arose out of the suicide of Major Rowlandson, who was insured for £40,000. As he was not found to be of unsound mind by the jury the insurance companies refused to pay. It transpired that, if the money were to be paid, most of it, if not the whole, would be receivable by creditors of Major Rowlandson's estate.

This circumstance emphasises the importance of the definition of what is meant by the word "benefit" as used by Lord Wright. Who is the beneficiary? What form does the benefit take? The beneficiaries in this case appear to be Major Rowlandson's creditors; and the form of the benefit money. If any part of the money claimed would have gone to Major Rowlandson's dependents, then they would be beneficiaries as well. But Lord Wright draws no distinction between categories of beneficiaries. As he interprets the law the question of who would draw the money is irrelevant. What is relevant is that the insurance companies are excused from paying out any money.

The meaning of the judgment appears to be this: that when any sane person takes his own life with the object

of causing certain things to happen the law will not allow those things to happen if it can prevent their happening.

The law is oblivious to the question whether the claimants under the policies have been privy to the act of suicide. It considers solely the state of mind and the motive of the person who commits suicide. As regards motive, it considers, not the *quality* of the motive, but the fact (or presumption amounting thereto) that there was a motive—a motive consistent with a sound mind—a logical motive.

When Major Rowlandson decided to commit suicide he could reasonably assume from precedents that the insurance companies would abide by their contracts. His object must have been to pay his debts. So the "benefit" accruing to him took the form of moral satisfaction in the contemplation of that result. No legal judgment can now take that "benefit" away from him. He died in the belief that his creditors would be paid, and he is now beyond disillusionment (at any rate from the legal point of view).

But others remain to be disillusioned. They are the creditors, who, it must be presumed, were protected (as they thought) by the existence of his policies, which were attached as security for their loans. According to Lord Wright's judgment they must suffer a penalty for a crime to which they were not a party. It is true, but not legally relevant, that Major Rowlandson might have been obliged to allow the policies to lapse. But even granting this to be a relevant argument, they would at least have got the benefit of the surrender values (and there must have been such values by virtue of the fact that a net sum of £40,000 was payable after loans on the policies had been deducted).

This opens up the question: What is "public policy"? The insurance companies based their plea of non-liability on the ground that to pay the claim



would be against "public policy." The judgment upholds that plea. Apparently it rests on the ground that the payment of the claim would, in some way or other, demoralise society. Well, of course it would encourage individuals to take their lives in order to accomplish a selfish or (as in this case) an unselfish object. As has been seen, the judgment disregards the motive, which can be personal or impersonal, sordid or altruistic. Readers will recall instances of altruistic suicides such as cases where unemployed men, though qualified to go on the "Dele," took their own lives rather than undergo the disgrace (as they saw it) of drawing benefits, and/or becoming a burden on society by doing so. Were these self-sacrificial acts against public policy? Apparently not if we are to take a line from the coroners who presided over the inquests. They unanimously voted these men good fellows, and a pattern to society.

This discloses a curious anomaly. Lord Wright pointed out that in law the right of claimants under an insurance policy was precisely the same as that of the person who took out the policy. Applying this rule, he said that Major Rowlandson virtually committed an act of murder. It was true that he committed the act on himself, but that did not alter the fact that, in law, he had committed murder. Can a murderer, his Lordship proceeded, claim the assistance of the law to reap the fruits of his crime? Emphatically no. Very well then. If the murderer may not do so, neither may the murderer's assigns—in this case, Major Rowlandson's creditors. In his Lordship's phrase, these "stand in the shoes" of the murderer, notwithstanding that they have had no complicity in the murder. So much for the argument. The conclusion to be drawn is that in law, as here laid down, nobody may benefit as the result of a crime. From the point of view of "public policy" the reason is, presumably, that if a crime ensured benefits, that crime would be tolerated by the potential beneficiaries and might even be connived at by them. But without pushing the matter to this extreme it will be obvious that where you have a debtor like Major Rowlandson owing a large sum of money which he could pay if he committed suicide, and otherwise could not pay, his creditors, if they knew this, could not be expected to be tremendously repelled by the idea of his performing this act! They would be likely to regard it as a "sporting thing to do." Well, anything creating that sort of attitude of mind tends to subvert social morals, and must be prevented for that reason! Hence the judgment of the Appeal Court.

But now let us apply this to a hypothetical John Smith who takes his life rather than be a burden on his family, or neighbours, or strangers (ratepayers or taxpayers). Is not that "a sporting thing to do"? The coroner and jury are inclined to think so, as already pointed out. Then how about the consequences? It is true that John Smith's act of murder committed on himself does not bestow a positive monetary benefit on other parties, but it does bestow a negative benefit. It does not bestow money on them, but it spares them bestowing money on him. And that consideration is John Smith's motive—a sane and logical motive—for doing away with himself.

Now we come to an interesting point. If the law disallows monetary payments to Major Rowlandson's creditors ought it not to disallow monetary relief to John

Smith's debtors? Remember that if John Smith lives other people are under an obligation to maintain him, and in that sense are in the position of debtors. And in cases where John Smith is entitled to go on the Dole he is a creditor of the insurance fund, and the contributories to that fund are debtors to him. And in any circumstances at all his act of self-murder must release some people or other from an obligation. They reap the fruits of his crime.

Now we can see more clearly how the law works. In the case of Major Rowlandson the insurance companies held the money (possession is nine points of the law), refused to pay, and thus forced the claimants to invoke the law. Thus the law works by being invoked. It gives an answer when appealed to. Notice that if the insurance companies had chosen to pay up the law Lord Wright chose his words carefully: he said that the law would not assist people to reap the fruits of crimes. The significance of this is that where people can reap the fruits of crimes without needing the assistance of the law, the law cannot stop them. In fact his Lordship illustrated this when remarking on the curious circumstance that the point that he had to decide had not been raised before; for he supposed the explanation to be due to "the notorious fact that juries would seldom find *felo de se*." In other words, juries were prone to turn a blind eye to evidence that conflicted with the presumption that the deceased killed himself while of unsound mind. The point here is that when they return these kindly verdicts the law does not interfere to upset them even when they are against the weight of evidence. It might be asked: Are not these verdicts against "public policy"?—is it not subversive of social morals for intending suicides to be able to count on juries to overlook evidence of sane pre-meditation on their part?

Now, in the case of John Smith, somebody or other (it may be an insurance company) holds the money that would have been payable to him had he lived. According to the present judgment that person, or body, ought not to enjoy the benefit of retaining this fruit of John Smith's crime. (Ultimately, as Social Creditors know, the beneficiaries are the Money Monopolists in cases where John Smith ceases to be a financial liability of the State.)

But here comes the snag. There is nobody in a position to invoke the law on a matter of this kind. Testing the law is a risky business, and for that reason it is not undertaken except by persons or bodies who stand to gain or lose by the judgment. In the case of Major Rowlandson a sum of £40,000 was at stake, and the insurance companies for the one part and the creditors of the deceased for the other, were fighting for it. But in the case of the destitute John Smith who dies rather than draw the dole to which he is entitled, the amount at stake is only the few pounds to which he is entitled before his benefit is actuarially exhausted; and, apart from that, the beneficiaries of the saving are numerous and unidentifiable. In short, the beneficiaries are "others"—they comprise *everybody other than John Smith*—they are the public. So it is not to the interest of any person or body to ascertain what should become of the few pounds. In strict logic the present judgment would disentitle the public to benefit by John Smith's crime. To give effect to that judgment would involve

taxing the public to the amount in question, and cancelling the money. That is clear, isn't it? John Smith commits a crime which saves the community, say £5. Therefore the community must be made to surrender the £5 in some other way—and in such a way as will prevent the £5 coming back into their hands. Well, there happens to exist machinery for such purposes, namely that of debt-cancellation. The £5 could be applied to the reduction of Government debt according to the same established principle as applies to Treasury windfalls which result in Budget surpluses.

From the point of view of "public policy" it is just as logical that the public should not be given an interest in the suicides of their John Smiths as that creditors should not be given an interest in the suicides of their Major Rowlandsons. In both cases there would be the same incentive to the toleration, condonation, connivance and even complicity concerning the commission of such crimes. And both Smiths and Rowlandsons would be tempted to take pride in committing them. If it be objected that these reasons and conclusions are fantastic, the reply is that so are the reasons and conclusions upon which is founded the concept of "public policy."

The moral of all this is a Social-Credit moral. Ask yourself: Would anybody take his own life, and would others tolerate the idea of his doing so, for the reasons that have been examined, if the purchasing power of the community were commensurate with their productivity? Nobody would—if he were in his right senses. He would realise that his life was a gain, and his death a loss, to the community—yes, and even on narrow economic grounds. For what would his death accomplish? A reduction in collective consumption—demands in the face of a more than ample output of consumption-supplies. Nobody would need to collar the share of good things that he left behind. Virtually those things would be wasted. And so, therefore, would his life. The only gain would be that he would have taken a tiny scrap of work off the shoulders of machines. Merely to mention this "gain" is to laugh it out of consideration.

Now let us examine the judgment from the point of view of high finance. The effect of applying it in the case of Major Rowlandson is that a sum of £40,000 remains locked up in a centralised reserve fund, which sum, otherwise, would have been released into circulation. But the effect of not applying it in the case of John Smith leads to a fundamentally identical result. The insurance companies escape the liability they incurred when accepting John's unemployment contributions. They collar Major Rowlandson's premiums with the assistance of the law, and they collar John Smith's without the assistance of the law. So the doctrine of "public policy" would appear to be the instrument of self-protection for centralised finance. Needless to add that every Social Creditor will mutter to himself: "Just what I should expect!"

Not only Mr. Justice Swift (in the present case) but other judges in the lower courts have shown a disposition to disfavour appeals by litigants or witnesses to the doctrine of "public policy" or "the public interest." Thereby they have shown themselves possessed of sagacity. It is as if they argued to themselves: "This doctrine belongs more to the region of politics than to

that of law; so when it is pleaded in the lower courts we had better reject the plea and leave it to be examined by the Appeal Court and ultimately the House of Lords if the party who pleads it cares to take it there."

Such an attitude saves time by narrowing the merits of cases, and it spares those judges the responsibility for coming to decisions based on extra-legal considerations—considerations which, by their very nature, need to be weighed by authorities who not only know the law but also the deep intentions and distant objective of the law-givers. This attitude is logically impeccable and pragmatically reasonable on the part of the judges.

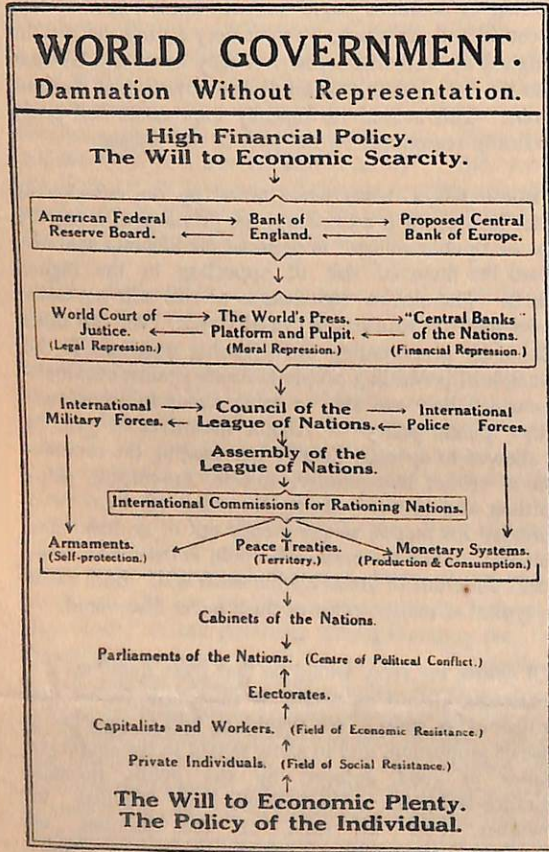
But it has a defect when tested by the criterion of strict justice, for it means that the privilege of using the plea of "public policy" is reserved for litigants who can afford the financial risk of appealing to the higher courts. The sinister significance of this will be easily understood by students of Social Credit. We can illustrate it by propounding the following question: Is the principle of permitting people to insure against eventualities which they are able to bring about in accordance with "public policy"? Ought incentives of gain to be allowed to operate, thereby encouraging the commission of crimes like murder, suicide, fire-raising, ship-scuttling and so on? Take the case of Fox, who murdered his mother to get money out of an insurance company. Take the case of Leopold Harris, who committed the crime of arson for the same end. Both cases are typical of many—some of them never discovered.

Of course the reply would be that these questions are absurd—as absurd as would be objections to the sun because of its spots. We should be told to preserve a sense of proportion, and to allow weight to the *enormous balance of good* enjoyed by the public through insurance-facilities. We should be invited to remember that in spite of the millions of theoretical temptations which insurance companies create in the process of issuing policies (and accepting premiums) only a vanishing fraction of policy-holders (and premium-payers) succumb to the temptation. In brief, the honesty of the public generally can be relied upon with absolute certainty. The hypothetical incipient demoralisation which can be logically proved to reside in the issuance of policies remains incipient—it never approaches a magnitude which would perceptibly affect the public interest. Therefore reasons of "public policy" do not demand that insurance business should be prohibited. Such would be the reply.

Very well; but why are reasons of "public policy" invoked to deny Major Rowlandson's creditors the "fruits of his crime"? If the reply is that to pay the claim would encourage other insured persons to do what he did, and to do it in such numbers as to perceptibly affect the public interest, we can make that reply the foundation of the case for prohibiting insurance business. For it virtually says that the honesty of the public can not be relied on. If not, then the objection to our test case for prohibition falls to the ground. Before anyone can draw money out from insurance companies he must pay money in. The two processes cannot be disconnected. If paying out is against "public policy" so is the paying in which creates the contingent claim to be paid out.



The hair-splitting nature of this argument is freely admitted—but the whole doctrine of “public policy” rests on dialectical subtleties and can only be tested by recourse to them. The reason why this must be so is made very clear by the diagram in the leaflet *International Government* re-published recently by THE NEW AGE. We reproduce it here:—



Represented in this diagram is the clash between two Wills—the Will of Finance to Economic Scarcity and the Will of the People to Economic Plenty. Those are the top and bottom extremes. The Will of Finance is conscious, but the Will of the People is subconscious. The Will of Finance is concealed from the People; and the Will of the People is, so to speak, concealed from themselves. The People are prone to avoid admitting to themselves that what they really want is Economic Plenty. This is, as our readers know, the psychological resultant of subtle educational forces in the control of Finance. At the back of those forces is the force of legal compulsion. The whole legal system is fundamentally designed to impose the Will of Finance on the Will of the People—to cry “Scarcity” where there is no Scarcity—to compel acquiescence in Poverty where there is Plenty.

So there are two diametrically opposed “Public Policies.” But since the People do not consciously realise the nature of either policy, it is open for the doctrine of “Public Policy” to be interpreted and applied by Finance in pursuit of its own policy, and for this to be concealed behind a cloud of cross-purposes. In terms of technical finance the doctrine of “Public Policy” as interpreted and applied is based on the principle of Credit Contraction. By this term we mean

not only restricted credit-issues in loans, but also unrestricted credit-repayments in prices. Pushed to its logical extreme this Public Policy would deprive the People of purchasing power altogether. In practice it goes as far as possible in that direction, but has to halt at the point where it would precipitate civil disorder.

As the diagram shows, Parliament is the “buffer state” between the two opposing Wills or Policies. In another sense it is a clearing house for surface problems arising from the underlying clash between the two. But members of Parliament are no more aware of the nature of this clash than are the People. They are drawn into a vortex of cross-purposes. For this reason they become the unconscious instruments of Finance—which alone knows its own purpose and how to achieve it. Hence Parliamentary legislation as a whole automatically lays down foundational principles which, when investigated by juridical experts in order to decide points of “Public Policy,” compel them to pronounce judgments favourable to the policy of Finance. In a word “Public Policy” is the armour-plating of the Bank of England.

Juries are wiser than judges. They read into the act of suicide itself proof of an unsound mind. They ignore evidence of logical calculation on the part of the self-murderer. This is right; for it is conceded by experts that there is method in madness, and that insane persons work out their contemplated actions on some basis of calculation or other. There is every reason to suppose that Major Rowlandson would have been found insane had he not gone out of his way to provide specific evidence of deliberation—evidence of such force as to deprive the jury of any excuse to let him out. But if they had thought more deeply they could have seen in this very fact evidence supporting insanity. He waited until the last moment, called attention to the time, and killed himself at that moment. This is not only consistent with a state of desperation; it suggests it; and therefore it lends support to the presumption of insanity. In a word sane people do not commit suicide. At least, no person is entitled to hold otherwise. God alone knows the facts.

If we are going to apply the doctrine of “Public Policy” let us propound this question: Is it in the public interest that avoidable conditions should exist which drive people to suicide—whether they are sane or insane? Merely to propound this question is to expose the absurdity of addressing it to the authorities responsible for creating those conditions. “Sound” law reflects “sound” finance; and “sound” finance creates scarcity, insecurity and anxiety such as were registered in Douglas’s graph of bankruptcies and suicides accompanying the great deflationary ramp of 1919-20. Deflation and demoralisation are cause and effect; and if Public Policy forbids the effect it forbids the cause. Since the cause is removable, and the way to remove it is known, and is feasible, the moral for juridical authorities is that the law should “refuse to assist” the private Money Monopolists to protect their usurped powers and prerogatives.

Social Creditors have an opportunity, by reason of the present judgment, to hammer this moral home.

**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.

**Bennalities.**

On Wednesday, March 10, 1937, Sir Ernest Benn presided at the annual meeting of the United Kingdom Provident Institution, and a full report of his speech, together with his diagrams appeared in the *Daily Telegraph* of the following day. The speech bears evidence of careful study and preparation, and is of special interest to students of Social Credit; the speaker makes a handsome acknowledgment of the limits of pure theory, and even goes so far as to indicate them. He begins by referring to Government action in money experiment, he warns when he points out the bureaucratic control that exists in all countries in spite of their political complexion, and finally gets “hot” when he speaks of the dictatorship behind the Exchange Equalisation Fund—then he fails to find the hidden object. In his graphs he relates commodity prices to the supply of gold, a figure that the cynic will call a three-cornered parallelogram, but omits to note and square with the rest of his theory that during the short period of the recent increased production of gold that very metal was going dearer in terms of sterling. He also refers to “the spectacle of the five Bank chairmen humbly guessing.” No, Sir Ernest, in spite of the writer’s admiration and enjoyment of your speech, those chairmen never guessed. However, we have had enough of theory; let us saddle a horse and search out one or two hard-headed old ploughmen to clear our heads; we avoid jumping fences, the land is too slippery and is a danger to the horse; we go through the farm gates, where the animal sinks up to the girth in the mud, one piece of evidence of the forced neglect that has descended upon our farms.

**Finance and the Land.**

Having refreshed ourselves at the “Pierian spring,” we recollect how many years ago a wise old landowner said that no business could ever afford to pay as much as 2½ per cent. interest. When we get into actual contact with the land itself we are confronted with many such cryptic remarks, and, thinking the subject over, we remember the fact that during the last 100 or 200 years the return to the owner of agricultural land has seldom touched even 2 per cent., and then only for short periods. If the land, the original source of all life and wealth, cannot yield a bigger return than an average of 1½ per cent., then that must be the basis of comparison for all other kinds of return. It is quite time to talk of cheap money when the interest to the small borrower does not exceed 1 per cent.; the Agricultural Mortgage Corporation lends at 5 per cent., which rate includes ¾ per cent. sinkage of capital. Bank interest to the small borrower is 5 per cent., Building Society interest is 5½ per cent., both loaded with an additional charge. Contrast this with the Treasury Bill rates; the Government have received, at the hands of the Banks, £99 10s. for twelve months’ £100 Treasury bills, a fact that rightly does not interest the average individual. When the prevailing economic theory or financial theory is wrong—and it has to be wrong or it will not be a theory—then the land suffers, not the tenant farmer, the landlord, or the owner-occupier, but the land itself, and when that is hit you know at once that the whole population, blinded with such talk as cheap money and the rest, is being drawn into a vortex of ultimate ruin designed by Sir Ernest Benn’s unnamed bureaucrats.

So much for interest rates. Now let us take a passing

glance at the Bank chairmen who went “guessing.” A year ago they talked of the wonderful stability of the British Banks, whose main care was to render them safe for their depositors’ money; the prevailing question then was that of nationalisation, but it was ignored and our editor’s insistence on their never yet having lent a penny of their depositors’ money was given preference. This year, evidently by order from headquarters, they insisted that the one great object to strive for, now that we had definitely started on the road to prosperity, was to increase our export trade. It is an astonishing fact that, when a person is possessed of no knowledge at all, he forthwith publicly proclaims it; this export eulogy is an instance in the same category as “the unemployment problem” that we are so familiar with—incompetence unmasked.

**Tariffs and the Land.**

This is so important that it is best dealt with at some length. We are all aware that certain systems have been dubbed as planned poverty, and that the necessities of life are generally assembled under food, clothing, and shelter. As regards the first, the only system of government known is that of impoverishment of the population. The system prevails throughout Europe, the British Dominions, and the U.S.; there is not a single member in our present House of Commons that knows any other way, so much so, indeed, that parties vie with each other in finding the most ruthless method of its application. Take a recent instance, the import duty of three farthings per pound on Argentine beef, probably realising some £3,000,000, and costing nearly that to collect; the Government are going to weigh every quarter as it goes out, a positive invitation to all the workers engaged to do a bit, for people in the food trade are inclined to be sporty. But what occurred in the House? The benefit of the subsidy on the land itself was never mentioned, the effect on the farmer’s pocket was talked for the look of the thing, the interests of the consuming public was a side issue, but the fiendish glee in grasping one more opportunity of picking the pockets of persons unknown carried the day. Even the expression “impoverishment” is only a truism, it pre-supposes economic and financial theory—the entire mechanisation of itself. A more correct view is contained in the assertion that the government, having fallen into the ditch dividing the field of theory from the field of know-nothing, finds the only way to carry on from such an undignified position is to reduce the governed to a condition of impotence. The way to do that consists, firstly, in the encouragement of export trade followed by stabbing labour in the back with death duties, and, by way of making impotence complete, form any section of the community—labour, for instance—into a political party by which, as the founders know, chances of betterment were adjourned for all time—Helferding saw that. Here we have an environment so poisoned with theory that the nations have grown the noxious weeds of Bolshevism and Fascism, two political ideologies under either of which the pre-existing financial theory carries on without the slightest alteration? One is almost tempted to wonder if all this theorising is the proper function of the human brain; the fact that you can remove the brains from your hens and they will go about picking up their food almost as though nothing had happened, lends colour to the expression that I quoted in a previous note, “Don’t you understand, brains have got us into the present mess, and brains are not going to



get us out; ask 'em what they know and you'll find it's nothing."

The farmer's art once consisted of feeding more and more of the population, and it was not till 1914 that he was forced to think and work in terms of cash. In A. G. Street's famous book, *Farmer's Glory*, he said of the age before 1914, "One didn't farm for cash profits but did one's duty to the land." The farmer of those days, if he possessed a farm with a couple of fields of peaty swamp, covered in bracken, would turn those into a good loamy soil to bring forth crops of roots and cereals, so what use would he have of economic or financial theories? He cannot do it now and why? Previous to 1914 he could change a cheque into any kind of material wealth, and being one of nature's sons he looks upon all this paper stuff as rotten money. In that period we had a three-cornered figure, viz.:—1. The price of gold; 2. the rate of foreign exchange; 3. internal prices. Any two of these could be fixed, but the other had to go hang. We chose to fix the first two and leave internal prices to their fate with the consequence that they moved, generally speaking, in a body; if goods in general were dear it was not the goods that moved; it was in reality the gold got cheaper, for the very adequate reason that the goods did not vary one with another; gold was the most fluctuating commodity of all, although the "price" was fixed. Nowadays, when we have a makeshift money, we see that fluctuating to an almost alarming degree. Gold, once fixed below £4 per ounce, has moved step by step to over £7, although gold is now produced in greater volume than ever. The general rise in commodity prices has been, as might have been expected, patchy. Wheat has risen from 20s. in 1934 to 45s. in 1937. The far-seeing Chester-Beatty group reopened the richest copper mine in the world with copper at £30 per ton, now £70, the Mufulira mine is producing 4,000 tons per month, rising to 7,000 tons next December; the output of copper is probably greater now than ever. It is the makeshift money that is going phut along with that ridiculous "law" of supply and demand. All this, mind, was quite a democratic affair; the public could buy gold shares—Union Corporation, then 50s., now £11; copper shares—Rhodesian Selection Trust, then 2s. 6d., now 30s., so there is nothing left to blame anybody for.

#### Aristocracy and the Land.

Now we can come to the second part of our subject, the necessities of life, and please do not construe these remarks as reflecting upon anyone engaged in the Social Credit movement. Happening to have a very good portrait of Major Douglas I showed it to a gentleman farmer; his remark was "I like the look of his face, by his appearance I should say his father owned 500 acres." That is exactly the point, a man who cannot take his wife and six children on to 10 acres and feed and clothe them off it completely lacks both knowledge and any foundation for economic and financial theory. If you want to breed a governing class they must come of big families and off the land. No one can possibly understand interest rates, the real value of material wealth, how the soil got there, and how it can be conserved, without actual contact. When climate fails or markets are unfavourable the soil is robbed; when good the soil is improved. A good farmer, with suitable heavy land, well cultivated and drained by hand labour, can produce wheat to yield 90 bushels to the acre by employing manual labour and horses, but the grain will cost 70s. a quarter. The smash-and-grab farmer, by using tractor

ploughs, tractor-harrows, tractor-drills, and tractor-reapers will produce 20 bushels to the acre costing 30s. a quarter; he gets a profit while the first suffers loss. The second will cut down fences, fill up ditches, ignore draining, employ one-tenth the number of men per acre, will lose cultivation, and finally bring down the yield to 10 bushels, which is the standard of bad farming in Australia and America. We have witnessed the complete failure of the Socialist movement for the simple reason that the leaders knew nothing of the land; they were, in some cases, childless montrosities, who were not even qualified to go on that 10 acres, and consequently unable to frame a workable economic or financial theory. The land of Great Britain has been going out of cultivation for the last 60 years, so that a moderate-sized farm will want £25,000 given it and another £1,000 a year to work it with, the inversion, somewhat of the interest theory. The soil is primarily made by men's hands, there are many places in the world where he has put it there; for instance, the island of Jersey where material was used locally; Malta was at one time a barren rock, and soil was fetched there by sea, and, by what one can hear, there now exists an intensive cultivation. No machine is ever likely to be invented for that purpose, it is designed, and will be for just the opposite.

#### The Primacy of Food.

When we talk of the necessities of life, to class them together is in the nature of a truism—the sheltered man or the clothed man is of no account compared with the fed man whose food can last out his shelter or his clothes. The fed man begins to exhibit all the moral qualities applicable to mankind, his independent spirit, his quarrelsomeness, and, as Sir Arthur Keith would say, his thirst for vengeance and desire to kill; you get no nearer the mark by sheltering or clothing him. Enough has been said now, without in the least advocating a policy of self-sufficiency, to show definitely that the main concern of an incompetent government is to maintain impotency in the population without going to the extreme of using Sir Arnold Wilson's words at the British Association, "London has a parasitic population that can neither till the soil nor defend it." But we can definitely say that to fix this impoverishment and impotence the soil itself must first be thoroughly robbed and the advocates of this policy are known by their advocacy of ex-cats of this policy are known by their advocacy of ex-cats tending exports. We can adapt Shakespeare: "Neither an exporter nor an importer be, for both dull the edge of husbandry." By exporting alone Australian farmers are in debt to the banks £580,000,000, while their land, stock and implements are worth but £520,000,000. New Zealand is in the same plight; their Agent-General writes to the *Financial Times* asking why we do not take more of their butter at 70s. per cwt. c.i.f., when it costs 1s. 3d. per lb. out there to produce. A case of the higher the fewer. These are merely examples of how the impoverishment of a country must be unremitting and ruthless to sustain an evil government. It has become an obsession, a ritual to be observed in Parliament or on platform, and takes the form of a eulogy of exports. If a father dies and leaves his farm with 200 head of dairy cows to his son, the value for death duty may be some £15,000, or more, in spite of the fact that the cows will all be dead before the duty can be paid. This is only one instance how debt can be manufactured out of nothing, and how the production of material wealth can be threatened with ruin to satisfy a false theory of government. For over thirty years the present writer has taken every public opportunity of denouncing the seizure of goods in distraint for debt—a thoroughly bestial procedure. Take the bonds or the bank balance, but leave the goods alone—the cows were being cared for in the public service and for little reward at that. Herr Hitler and whatever we say against him we cannot class him as a swindler, has acknowledged this by making the farmers' land, stock, and implements immune from distraint for debt, and illegal to mortgage.

V.I.90.

## Answers to Correspondents.

(1) Many people wonder what made our late King, after having, it is alleged, suffered at the hands of one set of financiers, immediately seek shelter under the roof of another financier, at Enzersdorf Castle. We are taught that financiers are international.

The banking community should be regarded as a Masonic Order. Bankers may all "work together," but only in the sense that all Masons work together. Both institutions preserve a deep secret and pursue a deep policy. But neither a banker nor a Mason need necessarily know the whole secret or understand the whole policy. In fact most bankers, including some bank chairmen, know less about the secret and policy of the institution that they serve than do Social Credit laymen. The political significance of a man's being a banker depends on what Lodge he belongs to within his Order. Edward VIII.'s acceptance of the hospitality of a banker need have no significance at all. Without more evidence than appears to be available it will be reasonable to suppose that Edward VIII. and his host had a mutual liking for each other. Apart from that it must be remembered that abdication was forced on Edward VIII. at short notice. He had to decide in a hurry where he would go. He could not remain in England—for obvious "reasons of State." Presumably he did not want to reside too far away from his affianced wife. Then he was familiar with persons and places in South-East Europe, if only by reason of his having spent a holiday there recently. So why not suppose that the person and place that he chose were those that he considered most congenial and restful after the nervous strain to which he had been subjected?

We are reminded, by the way, that certain critics have read a lot into the fact (if it be a fact) that the host was a Jew. But our "Masonic-Order" parallel applies here as well. What rank of Jew? What Lodge did he belong to? How much of the secret and policy of the Elders of Zion (if any) did he know? Again, it must be remembered that the Abdication Conspiracy was the work of Gentiles; and we suggest that many of our readers, if they had gone through the experience of Edward VIII., would have been in the mood to say to themselves: "The more we see of Gentiles the more we like the Jews."

Anyhow, in the purely social frame of reference Jews and Bankers, and even Jew-Bankers can be charming people—just as charming as Gentiles, and Statesmen, and Gentle-Statesmen, or even Gentle-Clerics. Lastly, in the high-political frame of reference, Edward VIII. wisely avoided residence in France (for Mrs. Simpson was in that country) or in Germany or Italy (where his presence could have been exploited to encourage Fascism, at least during the time when controversy was lively in this country).

(2) It is stated that the Banking System owns, probably, 80 per cent. of the National Debt and receives interest amounting to, say, £250,000,000 per annum. Yet last year's total profits declared in the various banks' balance-sheets did not, I venture to say, exceed £20,000,000 (I did not total them for myself). This would seem to disprove the statement that the Banking System owns 80 per cent. of the National Debt, for there is no mention of anything like £250,000,000 in profit in the annual balance-sheets. But does the Banking System receive this huge sum and place it to its invisible reserves. I wonder? If it does, how is it that the shareholders have never got to know of these enormous annual profits, let alone got a share of them?

There is no direct proof that the banks own the bulk of the War Loan. On the other hand the contention that they do is not disproved by the absence of figures reflecting payment to them of the bulk of the interest

on War Loan. At the trial of Lord Kylsant it was openly stated that the accumulating of secret reserves was a constant practice, and a legitimate one, on the part of wealthy companies. This being so, their balance sheets must conceal certain assets from their shareholders. In order to do that effectively their Profit and Loss accounts should not disclose items of revenue of such magnitude as would be likely to suggest to shareholders the existence of concealed assets earning this revenue. One is, here, in the region of "Private-Ledger bookkeeping," and it is impossible to tell what arrangements are made to adjust figures for public consumption.

But it is not necessary to assume such adjustments in order to explain the absence of statistical evidence that the banks own the bulk of the War Loan. The banks can own it without directly holding it. In fact they need not hold any of it. They may hold shares in insurance companies which hold it. And these insurance companies may hold shares in other companies who hold it. In that case the Government's payment of interest on the total War Loan might be distributed among hundreds, perhaps thousands, of company accounts, with the result that in no place would evidence of the receipt of the interest look out of the ordinary.

## The King's Problem.

[Continuation of pre-Abdication "Notes" written on December 6, 1936, and published in THE NEW AGE dated December 10, 1936.]

### III.

The City's backing of the British Cabinet has already been explained by reference to the character of the King's spirit of independence. But the man in the street might well ask: Why need the City fear his independence of spirit if he is impotent to alter its *de facto* Kingship? The answer to this will not convince such a questioner, but there is a large body of informed opinion which realises very clearly that if the King should manifest that spirit in connection with certain matters of State involving high-financial policy, and if, like the present question of his marriage, the matter of dispute between the King and his Ministers came out into the world's newspapers, the potential result would be much the same as firing off detonators in a storehouse of assorted explosives. Whatever the outcome of the initial dispute—whether the King was right or wrong, or won or lost—nobody could foresee what other issues would become involved with the first. The momentous fact is that, as we are now seeing, a King, for all his impotence, has the power to precipitate a crisis in which the people can break in and have their say. He may not be able to alter policies directly, but he can force them to be carried out in the light of day. He can—if he will. And, as is abundantly proved, King Edward is a man with a will. That is the characteristic in him on which may depend the destinies of the Empire and of the whole world. And if there be a test of the fitness of any lady to be his wife it is all-sufficing if she be one who is ready to encourage him in the performance of anything that he believes to be his duty to his people, no matter into what dangers and difficulties that duty may appear to lead him.

His immediate duty is to refuse to abdicate. For him to renounce the Throne in circumstances which have proved his fitness to occupy it would be an act of infidelity to his public obligations. At this moment he has yet to decide whether he will buy the Throne at the Cabinet's inhuman price, or whether he will insist on



claiming the Throne and the wife he desires. From the point of view of that informed body of opinion which sees the hope of civilisation dependent on the dethronement of the secret Financial Government, the second alternative is the better. And judging from the spontaneous ebullitions of sentiment from the masses during the week-end, this view is instinctively held by them also. Such discordances down below as have appeared about the marriage seem to have been caused rather by the newness of the idea than by thought-out objections to the lady. They have been inspired by people and groups who have known for weeks past what was going on, and have had plenty of time to prepare arguments for public consumption by the time the story broke loose. The people will speak later; and it seems probable that their demand will be: *We will have our King on his own terms.*

There are authoritative voices which will warn us that the marriage desired by the King would alter the centres of gravity of venerable political, religious, and social institutions, and would let loose a host of menacing after-consequences. The relevancy and cogency of this warning, however, depend entirely on which of two alternative and mutually destructive postulates one chooses: the one being: That the financial-cum-economic system will continue to be governed by the bankers on their accustomed lines; and the second being: That the system is to be run on new lines based on new principles. To use a rough analogy the question is where the sign is to be altered in a compound algebraical bracket. The farther back you change your *plus* to a *minus* sign the more you change the significance of the bracket without changing its structure. The application of the analogy is this: that if the King's departure from precedent as to marriage is accompanied or quickly followed by a departure from the master-precedents created by the Money Monopoly, no harm can result to any useful institution as a natural consequence of the King's act. On the other hand, if the master-precedent is to remain unbroken, harm may quite easily result. For the precedents upon which those institutions have been built up have been designed to dovetail into each other and all of them into the master-design. To alter any of these derivative and adapted designs without appropriately altering the master-design is bound to cause confusion in, and perhaps even the collapse of, the institutions mentioned.

Well, most of the warnings of disaster which have been uttered come from authorities who, to all appearance, are assuming the continuance of the financial system, and in fact assisting the Money Monopolists to preserve its design. The Archbishop of Canterbury, for example, is concerned about the King's wish. The cause of that concern can be traced back to the political relationship of the Church of England to the Monarchy. That relationship can be traced back to the fact that the Church is an unwitting instrument of financial policy, a fact symbolised by Mr. Pierpont Morgan's taking the Archbishop off on a trip in the Mediterranean some years ago.

Again in politics and society, there is a technique for achieving recognition and "getting on"; and that technique is indirectly shaped by high-financial policy. The Astor dinners did a good deal to train the young pioneer Labour Ministers-to-be in the sense of "responsibility," which meant, eventually, acting on the advice of the Treasury and Bank of England as to the desirability and feasibility of legislation demanded by the workers. Hence the rise of MacDonald, Thomas, and Snowden from Socialist obscurity to Die-hard Conservative prominence. If Mr. Montagu Norman had not been the *de facto* King of England Mr. Snowden would never have become Lord Snowden. A lot more can be said on this matter, but space forbids. It all comes to this:

that so long as the Legislature, the Court and the Church revolve along with Commercial Enterprise round the Bank like subatomic satellites round the nucleus, any change in precedent in any institution tends to disrupt the whole "Social" atom. But there is no need for the Bank to be the nucleus of atomic instability; it can become a satellite together with the other institutions revolving round a nucleus which may be defined as the Real Credit of the nation, comprising the powers, needs and aspirations common to all subjects of the King. When the people (through their representatives) control monetary policy, the aforesaid institutions will achieve their own stability. They will not be impeded in their true functioning by diverting their energy to solve economic problems. There will be no economic problems to solve.

Now, as Mr. Churchill hints in the passage heading this article, King Edward has taken a strong line behind the scenes on the subject of the distressed areas. It is rumoured that he wants something direct and drastic done, and done at once, to relieve this distress. Needless to say, this involves the distribution of money; and for reasons already given it involves the co-operation of the City. The City is unwilling to co-operate. The City's idea of affording relief is to finance exports of wealth for the use of foreigners, leaving the distressed to collect the small fraction of the cost which comes to them as wages. This won't do. Why create a £10 debt to the bankers in order to distribute £1 to the unemployed? Why not, if there is no third alternative, borrow and distribute the £1? You will at least have kept £9 worth of wealth in the country that would otherwise go abroad, never come back, and never be paid for. But best of all, why not create and distribute the £1—nay, the £10—to the distressed on the same terms as a gift?

Whether the King entertains any such specific technique one does not know, but his mind may well be running in that direction. It must, if he persists in demanding the legislative measures that Mr. Churchill alludes to. So everyone who knows where the obstacle lies must hope that the King will hold out in the name of humanism against bank-ridden legalism. Let this issue be tried in the open, just as the present issue is being tried; and there will be a majestic surge of popular sentiment, reinforced by inexpugnable logic, which will sweep the Monarchy up to its highest pinnacle of glory.

(The end.)

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As from Friday, April 2, business  
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