

# THE NEW AGE

INCORPORATING "CREDIT POWER."

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## CONTENTS.

	PAGE		PAGE
ALBERTA: CONSTITUTIONAL PROBLEM . . . . .	33	THE THEATRE. By M. F. . . . .	36
Social Credit Revolt—what did it signify?— danger of wrong interpretation. Secretariat sends Mr. Byrne to collaborate with Mr. Powell —selling Douglas's policy on strength of Douglas's name alone. Death of the English Electoral Campaign to "take power"—neces- sity for the Powell-Byrne proposition to be examined on merits by Ministerial "prospects." The Constitutional position—analogy of the Game Laws—"Trespassing in pursuit" of game (Dividends) with Nets, Pegs, and Ferrets (the "Three Demands" of the Social Credit Party).		To Have and To Hold. . . . .	
ALBERTA: SOCIAL CREDIT REVOLT . . . . .	36	PROFIT OR POWER? . . . . .	36
Calgary Herald names Hargrave as inspirer of the revolt.		Conflict between Profit-motive and Power-motive in the banking system. . . . .	
		CASH RESERVE RATIOS . . . . .	37
		Extract from Midland Bank Circular. . . . .	
		ASPECTS OF POWER. By E. R. . . . .	38
		THE CHURCH AND THE WEDDING . . . . .	39
		Where was the Dean of Canterbury? . . . . .	
		CORRESPONDENCE . . . . .	39
		A. R. . . . .	
		THE OOZLEM BIRD . . . . .	39
		On "widening the meaning of the word: 'Credit.'"	

## ALBERTA.

### CONSTITUTIONAL PROBLEM.

#### Analogy of Game Laws.

#### Trespassing "In Pursuit" on Bankers' Preserves.

##### Hargrave and the Revolt.

It is necessary for us to forestall possible insinuations that the revolt of Ministerialist members was not inspired by John Hargrave's visit. Of course it is a matter of very little importance in itself whether anyone gets the credit for having inspired the revolt. But it may become a matter of importance if any attempt is made to obscure or distort the significance of the revolt. To identify Hargrave with it is to interpret it as symbolising a considered demand that the Albertan Government take immediate steps to "put in" Social Credit. John Hargrave is leader of the Social Credit Party of Great Britain; that Party officially insists on the soundness of the original Social Credit Analysis and the efficacy of the original Social Credit Proposals. It flies the banner of the "Three Demands"—i.e., demands for (a) the National Credit Authority (b) the Dividend and (c) Price Regulation.

##### Meaning of the Revolt.

That being so, a revolt inspired by Hargrave has to be taken as a revolt with the constructive objective summarised in the "Three Demands." A Government which tries for that objective is a Social-Credit Government. And a Government which reaches that objective "puts in" Social Credit. Conversely a Government which whittles down that objective, or postpones steps to reach it, is not a Social-Credit Government. That is the attitude of Hargrave and his Party; and it has to be taken as the original

attitude of the Albertan Ministerial insurgents unless or until they shall themselves declare otherwise.

\* \* \*

Now it stands to reason that if anybody were out to substitute another objective it would facilitate his task if he could plausibly urge that Hargrave had nothing to do with the revolt. For this would allow him to argue that the revolt was only a vote of censure on Aberhart for past mistakes, and did not commit the rebels to the advocacy of any particular new policy or plan.

##### What Alternative to Hargrave's Policy?

Now, as we stated last week, Mr. G. F. Powell has gone out to Alberta to substitute another objective. If he can persuade the insurgents to follow his lead without their feeling that they are defaulting on the electoral mandate, that will best suit his purpose. But if so, that will be getting them to agree that Hargrave's attitude was wrong when he said in so many words that the duty of the Government under its mandate was, and is, to "put in" Social Credit. Well, naturally, if the insurgents are thus to repudiate Hargrave, and with good conscience, they will require to be assured, or to persuade themselves, that they did not act by his inspiration, or, at any rate, did not commit themselves to his policy. Whether Mr. Powell can work them into that state of mind after what has happened remains to be seen. The problem presents difficulties; and we

are inclined to think that he will have to recognise that they originally committed themselves to Hargrave's policy, and will have to provide them with reasons for detaching themselves from this commitment. One such reason could be put in the form of a suggestion that they acted too hastily, not giving themselves time to weigh all the merits of the case. Mr. Powell might be able to support that suggestion with new facts and arguments sufficiently cogent to procure their rejection of Hargrave's policy.

\* \* \*

But if Short isn't the friend, is Codlin? If the Ministerialists reject Hargrave they will reject a policy which was at least technically intelligible, and was backed with arguments supporting its strategic feasibility. In that event will a comparable alternative policy be offered by Mr. Powell for their consideration? We emphasise the word "comparable" with the view of emphasising the query: Will the alternative policy be as clearly defined, and thrown open to as rigorous an examination as was Hargrave's?

#### Does Douglas Want Virtual Premiership?

Present indications point to a negative answer. Mr. Powell, as Major Douglas's mouthpiece, will not offer a comparable policy. He will not outline what Douglas recommends them to do; he will lay down conditions to be fulfilled before Douglas will accept responsibility for advising the Government at all. Those conditions will amount to much the same thing as appointing Major Douglas Premier of Alberta. At least that will be so unless Mr. Powell has been authorised to soften them.

#### The Powell-Byrne Wedge.

We learn that another director of the Secretariat, in the person of Mr. L. D. Byrne went out with Mr. Powell. Mr. Byrne is a good Social-Credit technician, and his selection is a sound one—or would be if there were prospects of his knowledge being used. But since Social-Credit technique is officially banned we do not see that his services are necessary except as a backer of Mr. Powell. As such he will be useful. He, like Powell, is a trained sales organiser: his line is insurance. He differs from Powell in temperament. Whereas Powell is the type to sell anything to anybody, even to Douglas himself, Byrne is an extension of Douglas's personality, and carries his hero-worship even to the extent of reproducing as a speaker Douglas's "atmosphere" intonation, idioms, and mannerisms. Thus as concerns his ability to "sell" Douglas's policy on the strength of Douglas's name alone he is unquestionably the next best man to Douglas himself. He will provide a mystico-moral background for Powell's practical hustle. The two of them are a strong combination. They are perfectly sincere men with long-standing credentials.

#### English Electoral Campaign Fails.

Nevertheless what they say must be weighed on its merits. We say this because Powell has been lauded in the Secretariat's two-penny weekly as the Organiser of the National Electoral Campaign, while Byrne has had the direction of the campaigning in the Southampton area. So it is necessary to say that the Electoral Campaign is a dead horse. This implies no discredit on Powell or Byrne. If the animal had been congenitally capable of raising a gallop they would have got it out of him. But it wasn't to be. All that happened was that a sequence of sporadic short-lived local door-knocking drives took place. As Douglas himself has lately said: the objective was too remote. This is exactly what the intelligent minority at Buxton said and what THE NEW

AGE was attacked for saying. To-day the Secretariat's official policy about canvassing is limited to the promotion of local pressure for local results, a much more feasible idea because on these local issues the bankers are neutral. So, the official strategy in England for taking power to use Public Credit having gone flop, it is advisable that the official strategy for doing the same thing in Alberta needs frank explanation on the part of its two salesmen and careful examination on that of their Ministerial "prospects."

We feel bound to remark on the Secretariat's omission to announce Byrne's departure. What is the idea? He is a director of the Secretariat Limited—his name and address with other particulars have been recorded by the Registrar. In short, the bankers know all about him, that is, if they are interested in the personnel of the Secretariat's Board. Further, presumably he has gone out under his own name and will negotiate under that name. So why the secrecy? Is it meant to lend impressiveness to the visit? That is all we can think of.

#### Invalidation of Legislation.

With reference to the invalidation by the Provincial Appeal Court at Edmonton of the Albertan Reduction and Settlement of Debts Act, the judgment was based on three grounds, namely that the Act (1) trespasses on Dominion rights; (2) delegates powers to the Lieutenant-Governor that are not authorised by the Province's Constitution; (3) affects property rights outside Alberta. (*The Times* Correspondent's cable dated June 6.)

#### Constitution—Game-Laws Parallel.

This judgment, with the grounds for it, comes at an opportune time. It provides a frame of reference in which the Albertan Ministerialists can weigh new proposals for legislation designed (a) to "put in Social Credit" or (b) to "get control of Public Credit" or (c) to achieve both ends together. It shows the obstacles which any new legislation must get round if it is to avoid invalidation by the Court. To get a picture of the problems involved let us use a countryside analogy.

We may compare Constitutional obstacles with the Game Laws. In this context the Constitution legalises retrospectively something like a series of illicit Enclosures of common land, and now rings the enclosed area round as the bankers' private preserves. The Bankers are the Landlord; the Courts are the Gamekeepers; and the People are the local tenantry. Now, from the landlord's point of view the tenantry (whom we will suppose to be all the local inhabitants working on or for the estate) are potential poachers. But he cannot keep them off the estate: he does not want to: they have to have access to it in order to serve his interests. But since their access facilitates their serving their own interests he has to appoint gamekeepers to scare them into good behaviour. These gamekeepers are there to assist in enforcing (among other things) a law which makes it a crime to *Trespass in Pursuit of Game*. Trespass in general is not a crime; the crime is doing damage—the trespass merely providing the opportunity. In this special application the crime is proved if the trespasser can be shown to have had the intention of pursuing game.

Now let us imagine such a circumstance as this: that a tenantry chose to declare their right to pursue game. They might do so on the ground that the estate was theirs (e.g., had been "enclosed" when their grandfathers weren't looking) or on the ground that they needed the game while the landlord didn't (e.g., a glut of rabbits which, if they didn't catch them, nobody would—and

which, moreover, would damage the tenants' crops if not kept down). However, the reasons are of no importance to the argument. The question to be examined is this: How could the tenantry best proceed to force a decision on this issue?

They could do so in two ways.

1. By claiming to supersede the landlord as owners of the estate; or

2. By claiming to trap rabbits on the estate.

Either demand would involve the right of the tenantry, or their representatives, to enter on to the estate. For if they own the estate they can obviously do this; or if they may rightfully trap rabbits they may rightfully go where the rabbits are, and must do so if they are to succeed in trapping them.

The difference between the two demands would be this, that whereas under method No. 1 they would be demanding the right to do anything they liked with the estate, under method No. 2 they would be demanding the right to do one specific thing on the estate. Method No. 1 would dispossess the landlord of all his rights, but method No. 2 would dispossess him of only a part of his rights.

Now if the tenantry chose to adopt method No. 1 they could demonstrate by entering on to the estate and challenging the landlord to turn them off. But though the landlord could not invoke the "Trespass-in-pursuit" law to punish them, he would, on the other hand, have no practical reason for doing so. He might be annoyed at their action, but, so far, he would suffer no damage. There would be a sort of stalemate—the landlord glaring at the "trespassers," and they at him, each asking the other: "What about it?"

Alternatively if the tenantry chose method No. 2 they would not only enter on the estate, but they would make for that particular part where the rabbits were, and would take with them the nets pegs and ferrets necessary to trap them. In that case the landlord could invoke the above law, for here would be abundant evidence of "pursuit." There would now be no stalemate, but a sharp conflict in which one side or the other would have to give way.

So much for the two alternatives considered separately. But suppose now that the tenantry first of all made out a case why they should enter on the estate in pursuit of game, and after having made this objective clear to everybody including the landlord, decide to demonstrate on the lines of method No. 1. The landlord could now invoke the law against them on the ground of their formerly expressed intention to pursue game. They could only defend themselves by now declaring that they were not intending to pursue game. In that case the landlord could very well say: "Then what are you trespassing for?—to enjoy the scenery? What do you want to do, or want me to do?" Now for the application of this imaginary situation.

#### Alberta's "Rights" and Resources.

Alberta is a tiny section of the Bankers' World-Estate. It is a part of Canada, which is a part of the Empire, which is a part of the world area. Legally Alberta's "rights" are a part of Canada's "rights"—and ultimately a part of a part of the "rights" of International Finance. And so with the other Provinces of Canada.

\* \* \*

The natural resources of Alberta correspond to the rabbits in the above story. So do those of the other Provinces. The question at issue is this: May the Provincial tenantry pursue game on their section of the World-Estate?

#### "Pursuit" Without "Trespass"

Now the answer of the Social Credit Movement is "Yes." And from the year 1919 until 1933 the Movement was doing nothing else but telling the tenantry why they had a right to the rabbits, and instructing them

how to weave nets, cut pegs, and breed ferrets. This Movement hoisted a flag bearing the device of the Net, Peg and Ferret—a device which may be said to correspond with the "Three Demands"—demands incorporated in the programmes of the Social Credit Party and the London Social Credit Club to-day. The ferrets and the nets respectively represent the production and consumption ends of the economic system, and the pegs represent price-regulation. For if the nets are not pegged round the bolt-holes the majority of rabbits escape, and the work of the ferrets is wasted.

\* \* \*

So the Social Credit Movement became known, so to call it, as the "N.P.F." ("Net-Peg-Ferret") Society for the Abolition of the Law of Trespass in Pursuit of Game. All the world, friends and enemies alike, recognised it as such.

#### Brass-Tacks Strategy.

Now supposing, to revert to the illustration, that a local tenantry were prompted and instructed in this "N.P.F." method of exercising their rights by, let us say, an old poacher whom they accordingly chose as leader of their agitation, and that after some years of instruction, he suddenly turned round and said:

"Here; we shall never be able to enforce our rights to Trespass unless we keep mum about trapping rabbits: for because we let on that that's what we're after we provide the landlord with evidence of Intent to Pursue Game; and he can have the law on us. No; I propose that you scrap all this talk about rabbits and where to get them and how to get them, and that you leave it to me to go up to the big house and tell the landlord in general terms that he is standing in the way of our achievement of 'Security' and 'Abundance,' and then challenge him: 'What about it?'"

One can imagine a suspicious "Voice" from the back row of the assembled tenantry shouting out: "Are you after a gamekeeper's job?" And another, less impulsive "Voice" might reasonably back the first by inquiring of the old poacher why it had taken him all these years to discover that they were climbing the wrong tree. A third, and this time a constructive "Voice" might suggest that it would surely strengthen the hand of the poacher as negotiator if his followers were meanwhile to enter and occupy the warren and begin to net the bolt-holes; for this would assist the landlord to understand what was meant by "Security," "Abundance," and all that: he could then be told: "If you know of any better bolt-holes than those we're standing by, we'll consider going to them; but in the meantime we'll stand where we are." Lastly, to clinch the argument, a fourth "Voice" might point out that there was nothing in the poacher's proposal unless he could show that the landlord was able to produce rabbits out of some other place than the warren—out of his hat? If not, then clearly the fight would have to centre round the warren, and the obvious thing to do would be to occupy it straight away: for then they could say to the landlord: "Here are the rabbits: shall we trap them for ourselves, or will you put on your gamekeepers to do it for us? Is ours the best way to do it?—if not, what other way do you propose? Again: does the trapping of rabbits injure your property? Is it not more likely to improve it?"

\* \* \*

Now to translate this situation into terms of current politics, the vote of the Albertan electorate was a vote

for the trapping of Albertan rabbits on the Albertan estate for distribution among the Albertan tenantry. It was a "Net-Peg-Ferret" vote. The true indictment of the Albertan Government is that they made no attempt to weave nets, cut pegs, or breed ferrets. And the clear duty of that Government is now to make the attempt. The attempt may fail—but to make it will be to focus the attention of all people on the warren and the rabbits. For these are the place and objective which give concrete reality to the issue of Constitutional Trespass.

It is true enough that the bankster landlord up at the big house is generally indictable as a usurper of many "rights" belonging to the tenantry, but the particular right that they need first to exercise is that of trapping rabbits where the rabbits are. If they make a show of exercising it there they challenge the landlord at his logically most vulnerable point. By all means hold parleys on the landlord's lawn, or distribute pickets in strategic positions round the big house, but do not leave him in unchallenged possession of the vital part of his estate—the rabbit-warren.

## Alberta.

### THE SOCIAL-CREDIT REVOLT.

Fred Kennedy, *Calgary Herald* Parliamentary Press Gallery Representative, wrote (April 19, 1937):

"Subterranean rumblings were first heard after John Hargrave, leader of the Green Shirt movement in Great Britain, had publicly repudiated the Aberhart administration. Before leaving Canada Mr. Hargrave declared that Social Credit in Alberta was impossible under Premier Aberhart.

"Mr. Hargrave's sudden departure came as a great shock to a large section of government private members. He had appeared before them in caucus and they were impressed. He told them that Social Credit was workable in Alberta, and that he was prepared to turn over to the Government a Social Credit plan that would be 'technically sound.'

"In the slim, polished young Englishman many of the members saw the answer to the somewhat embarrassing questions being hurled at them by disgruntled constituents. It was only natural, therefore, that when Mr. Hargrave blamed the Government for his sudden and unexpected departure, a number of them were inclined to agree with him. It was then that the seeds of revolt were sown."

[NOTE: Kennedy was not aware, when he wrote, of what has since become known about the "plan."—ED.]

## The Theatre.

"To Have and to Hold." By Lionel Brown. Haymarket. To say that this comedy is based on an ordinary triangular situation would be to give a false and an unfair impression. The theme of the husband, wife, and lover, none of them recognisably "wicked" people, has been handled before, but a new twist is given to the theme by the unusual circumstances and by the character of the husband round whom the situation pivots. He follows his own practical instincts rather than a rule of thumb morality, and, in the hands of Mr. Kenneth Kent, achieves generosity without a hint of self-sacrifice or priggishness. Mr. Basil Radford is saddled with a dumb, horse-ridden product of the shires, surely overdrawn and, perhaps inevitably, a little overplayed; Miss Mignon O'Doherty as the female of the species has a more credible part and is proportionately better in it. Miss Marie Ney gives a most sensitive performance of the wife, and the Hardings, father and daughter, are played with attractive firmness and the right quality of tank-like, seemingly selfish youth by Mr. Hartley Power and Miss Dorothy Hyson. The tension of the riding accident is skilfully produced. In spite of some rather creaking comedy lines, the play provides an evening of interest and entertainment well above the average West End comedy.

M. F.

## Profit or Power?

A correspondent refers us to our main article of May 13 last, "Do Banks Create Credit?" section entitled "Deposits and Investments." He points out that we appear to contradict ourselves where we say (a) that the "final object" of the banks is to "destroy credit"; and, later (b), that they "lend and recall" credit in the shortest possible periods. "Is this not creating credit?" he asks. As regards investment securities, supposing, he says, that these were all held by the banks, why should they get their depositors to buy them and thereby yield up credit to the banks, which credit would be useless to the banks unless it was lent again to earn profits for them?

On re-reading the section referred to in its context, we are unable to see that we have contradicted ourselves. At the same time we can see that any condensed description of financial policy and practice (such as ours was) is likely to afford material from which mutually contradictory conclusions may be logically drawn. This, however, is due to the fact that there are fundamental contradictions in the system which we are examining. These contradictions arise from the fact that the banks, as commercial institutions, are pursuing a diametrically opposite policy to that of the banks as political institutions.

Our correspondent's query about bankers' profits brings this out. He rightly hints that there is something absurd in our saying that banks want to destroy deposits, i.e., call in loans, when their doing so destroys also the profit (interest) that they derive from loans. But it is only absurd on the assumption that their primary objective is to make profits. It is not absurd if their primary object is to exercise political domination.

### Banks Above and Below the Law.

We must distinguish between the policy of what we may call the Trading Banks and that of what we may call the Central Bank. The first is commercial, the second is political. Now we know that the political policy of the Central Bank conditions the commercial policy of the Trading Banks. The Central Bank is above the Government, and the Government is above the Trading Banks. The Trading Banks are thus subject to dual control, the one exercised on them directly by the Central Bank (involving internal relationships) and the other indirectly through the Government (involving external relationships). Broadly speaking, the Central Bank privately regulates their relationships with each other and with itself, and publicly regulates the Government—in other words, by law) their relationships with other commercial institutions. For the Trading Banks, considered in their commercial capacity, hunt for profits in competition with capitalist enterprises. That is to say, they take part in the general scramble to pick up whatever money is about by selling goods or services. So they ought to be, and are, subject to laws prescribing the rules of the scramble—if you like, laws of fair play as between banking and non-banking profit-hunters.

Now we come to the question of loans and repayments. Clearly, as regards the Trading Banks, outstanding loans constitute their means of making profits. So, to say that their object is to call in loans is like saying that they do not want profits. On the other hand, if their object is to make profits, the more credit they lend the larger the pool out of which they can earn profits. Further, they will have no particular reason for calling in and re-lending credit: they might just as well leave their loans outstanding indefinitely. So long as they get their interest, it does not matter who pays it to them. So much for the case where the profit motive is alone in question.

A clear way to express the difference between the practical applications of the political and commercial policies respectively is to adopt the terms of the biblical injunction: "Let not thy right hand know what thy left hand doeth." That

completely resolves the contradictions which our correspondent has read into our article. Take the chairman of any Trading Bank as embodying its functions. He issues and recovers loans with his right hand, and he makes profits with his left. But whereas his left hand is free, within the law, to earn what profits he may, his right hand is held and guided by the Governor of the Central Bank. Thus while the Chairman is free to gain access to the pool whence profits come, he is not free to decide the size of the pool. He is a principal as regards profit-earning, but is only an agent as regards loan-policy. True he does not take direct orders from the Central Bank as regards particular loans and repayments, nevertheless his loan policy is under control—a remote control arising partly from his relation with other Trading Banks, and partly from the relations of the Central Bank with other Central Banks.

### Power-Motive v. Profit-Motive.

Now let us make an extreme statement. Fundamentally the policy of the Central Bank is to prevent the lending of any credit at all. To avoid misunderstanding let us call it the political super-policy of International Finance. This policy is reflected in the familiar bankers' principle of *keeping assets as fluid as possible*. Push that to the extreme, and it means that ideally the whole of the assets of the banks should be in the form of *potentially lendable* money. That is of course a technical impossibility. But it is a philosophical ideal. And as an ideal it can be rationalised. The proof begins with the proposition that credit is a right of action. Loans by banks, while outstanding, represent rights of action in the hands of those who hold the equivalent deposits. Ruling out questions of legal limitation—for these are irrelevant to this philosophical analysis—the possessors of the deposits can do anything they like with them. For example they could equip a "private army," or they could buy up the banks, or buy bullion and start a bank of their own. Or (and this makes pleasant reading) they could put a few millions into the Social Credit Movement. Now any or all of these acts, from the point of view of International Finance, would be a dangerous exercise of rights of action. Therefore, because these rights can be used dangerously it is the policy of International Finance to restrict them. Ideally it is to extinguish them. Hence the observed policy of all banks to retire credits in the shortest time possible. It has the political effect of confining independent initiative within safe limits. Just as you would not lend anyone money which you thought he might use to buy a revolver with the intention of scaring you off asking for your money back, so the Money Monopolists cannot afford to assist possible challengers of their monopoly. They act on the theory: Satan finds some mischief still for idle funds to do. So it will be seen that the Money Monopolists attain to the apotheosis of safety when they have no loans outstanding, nor hold any purchased investments—i.e., when there are no deposits, no interest payable or receivable, no profits, no nothing.

Corroboration of this is to be seen in the conspiracy of 1918-19, to which the banks, the newspapers and the Government were all parties, namely the stampeding of depositors into investing their savings in preparation for the world-boom which never came. It was a wholesale slaughter of rights of action. Just as soldiers coming back from the battlefields were deprived of their rifles, so were the civil population deprived of their only means of resisting the pre-determined policy of deflation or tiding over its consequences. The National Defence Contribution, lately abandoned, was this same ramp on a smaller scale, and so is the new tax which is to replace it.

Here lies the deep reason for the doctrine of the Balanced Budget. The Budget is a device for cancelling deposits. By reason of the fact that taxpayers' contributions must equal the Budget expenditure, the bankers can fleece them by secretly forcing the Government to include on the expenditure side of the account items which need not and ought not to be there. A large proportion of that expenditure is

nothing else than appropriations of credit destined to be allocated to the reserves of financial institutions and thereby cancelled.

### Loans De-centralise Initiative.

To revert to, and summarise, our main theme, the commercial profit-making motive of the Trading Banks has to operate under the political no-profit policy of the Central Bank. A loan, while a source of financial profit below, is a cession of political power above. As one might say: McKenna's meat is Norman's poison. This truth will be realised more clearly if we recall that the famous M. Marang was well on the way to buying control of the Bank of Portugal when his game was discovered. The fact that he virtually manufactured his own "deposits" is beside the point: for if he could do it with "dud" money he could have done it with money honestly derived from the pool fed by bank loans. Bank loans involve a temporary decentralisation of initiative. Repayments involve re-centralisation thereof. And from this viewpoint our original statement that the ultimate object of the bankers is to destroy credit is true in itself, and yet is consistent with the truth that the Trading Banks are in business for profit.

### Cash Reserve Ratios.

#### AS A FACTOR IN MONETARY POLICY.

[Below are the opening paragraphs of the Midland Bank's monthly circular for June-July, 1937. The whole of the article from which they are taken is worth the attention of students, and they are recommended to get it for reference. It will be seen to cover much the same ground as was surveyed in THE NEW AGE of May 13 in the article "Do Banks Create Credit?" It would appear that for some reason or other the Money Monopolists think this is an awkward question.]

The ten-to-one ratio between deposits and cash reserves, which English banks have come to regard as a standard of practice, observed with considerable constancy, is so well recognised that it might easily be thought to have the force of law. In fact, there is no statutory requirement whatsoever on the subject of cash reserves. The ratio is no more than a conventional minimum of cash provision, but, like so many conventions, it is observed in all but exceptional circumstances. It came to be adopted by a process of trial and error extending over many years; and it may be said to embody the provision which experience showed to be prudent against the ordinary day-to-day demands from customers for withdrawal or transfer of their balances, together with a liberal allowance for any exceptional cash demands that might be superimposed upon the normal. The cash thus retained consists of currency in the banks' own tills and vaults and balances at the Bank of England, the two components being maintained roughly in the proportions of half-and-half.

With the consolidation of the banking system and the growing constancy of observance of these cash provisions, the ratio has come to serve a more subtle purpose. It is now the principal lever through which monetary policy works; for the central bank has found that, when it acts in such a way as to broaden or restrict the cash supplies available to the banks, it can depend upon that action being translated, through the ten-to-one ratio, into a multiple expansion or contraction of bank deposits. Thus the ratio has become a crucial part of the mechanism of monetary control, this function having assumed even greater importance than its purpose as a safeguard—though that, too, still has its force—against any difficulties that might otherwise arise from a sudden enlargement of public demand for the repayment of deposits in currency.

### 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.

## Aspects of Power.

By E. R.

"Power" in the sense in which it is used here, means the influence of man over man, by persuasion or by force. Power is negative when used for repression, to stop people getting goods and services and acting as they wish. Power is positive when used to provide people with goods and services and when used to urge people to action. Social Credit empowered would mean negative power used against the bankers, positive power used for the people.

To-day, banks are the highest instrument of civil power, since they control the credit that allows the community to increase its consumption. Banks use both forms of power. Their negative use of it is illustrated in the chapter in Gunther's "Inside Europe," in which he states that in private conversation Montagu Norman has declared that since riches had brought about the ruin of empires, he might think it his duty to stop the people of this country from getting rich. (The writer has not yet seen any refutation of this statement.)

That the Banks desire positive power is made clear by Norman's remarks on "hegemony," when he stated that the Bank sought world-hegemony.

How the Banks exercise their nefarious power is well set out in Lenin's "Imperialism," Chapter II., where the process is described thus: "They can, through their banking connections, through current accounts and other financial operations, first *exactly ascertain* the standing of the various capitalists, then *control* them, influence them by restricting or increasing, facilitating or hindering their credits, and finally they can *completely determine* their fate, determine their income, deprive them of capital, or enable them quickly to increase their capital rapidly and to enormous proportions, etc.

Lenin attributes absolute power to the financial oligarchy, but this does not mean that the Banks at all times and in all places exercise full control. If they did, we should already be in a world of robots (we're getting near it, though). At any given time and in any given place the Oligarchs can use full effective control, but not everywhere all the time. This is one reason why it is good Social Credit tactics to attack the Oligarchs in many places and many ways. It is good that the Banksters be attacked from New Zealand, Alberta, England; they should also be attacked from as many different angles as possible: in economics, in social questions, in religion, in art, in education, in whatever sphere the individual Social Credit attacker may work. Owing to the international character of high finance, an attack in one place may affect the whole structure—the Credit-Anstalt affair sent out waves all through the world. The very size and power of Banking is one of its weaknesses.

Whilst in theory the Banks have absolute effective power at a given time and place, in practice it is difficult to estimate the exact amount of real effective power the Banks have (i.e., how far can they go and do they go?) and all facts relating to a direct show of power by the Banks should be noted; but one of the beauties of bank-rule is that it is hidden, occult, and easily camouflaged. A recent example of repressive power is the B. of E.'s refusal to recognise a certain bank officials' guild. Juan March's financing of Spanish Fascism shows a banker's use of positive power, but here we are in the dark on an important point: was, or is, March supported by International Finance? For my self, I believe that he was not, since he acted so openly. Whatever the facts may be, I think we may take it as an example of how International Finance allows the individual to act as he will, so long as his action is not against banking or banking-policy, or not likely to create an anti-banking movement.

"Excess of influence is the source of war-lust" wrote Lao-Tse. The Banksters' excess of influence may finally lead to their downfall, through their coming into conflict with the two other forms of power that alone can break financial Oligarchy. This does not mean that we stand and twiddle our thumbs and wait for the Day of Righteous-

ness when the Banks will crash Jericho-wall-like. The less action we take, the longer we shall endure financial slavery and the worse this will grow. Indeed, it is not impossible that the Oligarchs will attain their objective and create their world of sub-human, ant-like robots.

Two powers, separate but not necessarily so, can, either or together, break financial oligarchy: the power of armies and the power of a people in revolt.

To-day, the Oligarchs use armed power but fear it: like themselves, it is a good servant but a bad master. Modern war is so destructive that the Oligarch must fear for his own life; that is why we hear so much about "little wars," "limiting hostilities," "non-interference." Let there be Zones of Safety for Menaced Oligarchs!

When the dogs of war are unleashed, the Banker loses his absolute power (credit for armaments and soldiers' pay) over them. A successful army might conceivably overthrow bank-control, militarise credit, and use captured moneys to back its power. Note how the Oligarchs, in theory favourable to Franco, nevertheless allowed the gold of the Bank of Spain to escape his power. If an army and its leaders were to become convinced Social Credit men, then woe to the Banksters of that army's country. Just as the complete control of credit throughout the world is the Oligarchs' dream of financial power (a credit-Utopia), so the complete control of armed forces (world-police, the Basle Bobbies) is their dream of physical power.

Controlling credit and the movements of armies, the two Oligarchs would still need to control the people; the two forces stated help them to do this, with the aid of politics. At present, the Banksters control the people politically chiefly by setting them at loggerheads by the pressure of economic (artificial) scarcity, driving men into equally futile ideologies, Fascism and Communism, both "escape-from-reality" creeds, both creeds demanding the use of regimentation and the sapping of individuality. For the Banksters' greatest foe is individuality, since their dream-state would contain no individuals, earth-men, but grades of beings fitted to do certain tasks, beings without will-power (the dominant faculty in man) who will do just what their masters wish, and who must do it because educationally unfit to do anything else. The drive towards "specialisation" is a dangerous step towards making people unfit for all but one task—a great advantage for the Oligarchs, enabling them to classify men like insects: worker-bee, drone (dole-bee?), egg-laying-bee ("birth-rate down—we need more babies!"), builder-bee, and so on. Maeterlinck's "Vie des termites" gives us a good picture of the Banksters' dream-state.

If we allow the coming generation (i.e., children born since the creation of the Basle Debt Temple) to be moulded as the Banksters wish, then the world may lapse into devolution: the evolution of man into a white worm such as he has evolved from through aeons, with the difference that this worm will not even have a worm's will.

It is all a question of *Power*: who is going to rule the earth, men of earth sense or Banksters? Even if the present lot precipitate us into world-war followed by the disintegration of civilisation ("The Shape of Things to Come"), a new generation of financial vipers would carry on the work of their predecessors: so it is neither sensible nor manly to hope that the Banksters will land us in such a chaos that they will accomplish their own destruction. We must work out our own salvation by taking precisely those powers that the Oligarchs seek to wield in their totality. First, we must rouse our people to revolt against High-Finance, then see that the armed forces are not the blind tools of a mistaken allegiance to Oligarchs masquerading as upholders of the constitution, law and order. (This is not sedition, the squeamish should note, since not directed against the good of our country, nor against the existence of the British Commonwealth—at present the British Commonwealth.) Having thus obtained physical power in the land, we must take control of our credit, declare the United Social Credit Kingdom of these Islands, and put Social Credit into operation. Then, and not before, shall we get

the peace in which true power, creative energy, can develop.

Two-and-a-half thousand years ago the "Old Boy," Lao-Tse, wrote, "Of two combatants, the thinker wins." On our way to power, let us remember that. Power to the earth-men who seek Social Justice through Social Credit!

## The Church and the Wedding.

WHERE WAS THE DEAN?

In *Social Credit* of June 11 the editor enters a plea for "Fair Play" for the Duke of Windsor. He recapitulates the chief items in the history of the Abdication Crisis and the Wedding. One of them is that the Archbishop of Canterbury had given orders that no clergyman of the Anglican Church should officiate at the wedding. On that peg he hangs a tribute to the "initiative and determination" of the Reverend Robert Anderson Jardine which impelled him to break through the ban.

But what a splendid thing it would have been if only the Dean of Canterbury had done the job. In his dual rôle as an eminent Church dignitary and director of the Social Credit Secretariat his action would have put the issue in its most dynamic setting and would have made the Social Credit Movement a front page feature in the world's news. Think of the headline: "Dean Defies Archbishop—Alleges Financial Conspiracy—Would Free the Church from the Moneychangers."

But no; it appears a curious thing that the main publicity on which the Movement thrives has been engineered by persons and groups who are unconnected with the Movement or are disowned by the Secretariat.

## LETTERS TO THE EDITOR.

"MENTAL ASSASSINATION."

Sir,—Thank you for your reply to my comment on your article of May 11 on "Mental Assassination." I am afraid I have given some very erroneous impressions, and shall be grateful if you can find room for a correction.

I did not intend to say, and am afraid I cannot agree, that "only harmful people could be made victims of the process." Unfortunately, innocence alone does not seem enough to protect anyone from such an attack any more than innocence alone protects a child who comes in contact with a live electric wire. But the understanding and practice of the truth will protect from the attacks of error just as an understanding and practice of the laws of electricity will prevent an accident due to ignorance of those laws.

I am even more concerned to point out that a "harmless person" could not possibly attempt to assassinate anyone either by physical or by mental means, and that the development of true spiritual power could never, under any circumstances, work evil to anyone. ("Love worketh no ill to his neighbour, therefore love is the fulfilling of the law.") The type of "mental power" acquired by such cults as the Tibetans, through "rigid and prolonged austerities," is as different from the genial, kindly, divinely natural power of the spirit of Christ as is the glare of circus lights from the clear sunlight of a June morning.

A. R.

The author replies: I am not in a position to argue these matters. Nor is it necessary. I am only interested in your correspondent's opinion as that of one who appears to have studied them. He believes in the possibility of what was called "mental assassination," but defines it differently. My guess was that it meant unbalancing the mind of a person: he says that it means destroying the life of a person. To me, either definition will pass, because once granted that there is a power to produce either result it is a power to produce the other. It is merely a question of the pressure and velocity of the occult force—whatever the force may be.

With reference to the "harmfulness" argument, what I meant to suggest was that the training necessary to fit a man to assassinate another might, by its austerity and duration, sweat out of him all desire to commit the act. The greater his power to do it the less his impulse to do it. I am not concerned with the "right" or "wrong" of the act, but simply its theoretical feasibility.

Your correspondent's concluding sentence could be paraphrased in the statement that White Magic is different from Black Magic. But the point is: Could the Black Magic do the trick?

I suppose that we Westerners won't find the answer until we reach the Age of Leisure. That is where the Tibetan philosophers and magi have got the advantage of us; for they are virtually living in it now. By the way, there is a lot of fun to be got out of Madame Alexandra David-Neel's book: *With Mystics and Magicians in Tibet* (now published in a sixpenny edition by the Bodley Head ("Penguin" series)). She spent years in that country trying to get demonstrations of magic results, but with the final object of explaining to herself *how* and *why* they were or could be achieved.

Among the *whys* she mentions the factor of Solitude, or Silence.

"The absence of big crowds, whose mental activity creates many whirlpools of psychic energy which trouble the ether . . ."

is conducive to

"the placidity of the Tibetans, whose minds are not filled, like ours, with care and cogitations . . . (p. 215).

Generally speaking, magical powers are the product of intense concentration, which in turn is the product of physical privations and exercises, the most vital of the latter being modes of breathing. Thus, for example, if you get away by yourself into solitude and silence, do certain exercises, and concentrate, then, after a number of years' practice, you will be able to keep yourself warm in the snow without any clothes on. And there are a lot of other tips like this in the book. Only, as I said in my article, you don't want B.B.C. announcers and pundits chipping in on your meditations.

A. B.

## That Oozlem Bird.

"It is only necessary to widen—"

We have received the following letter. We have inserted fictitious names and places. Emphasised passage is our selection.

Sir,—I am in a quandary. On Tuesday, at a combined meeting of the Bilberry and Cranbury groups, it was agreed that we should individually request the Library Committee to reinstate *The New Age* in the reading room.

Since then I noticed the 'Oozlem Bird' editorial comment below some extracts from *Social Credit*. This seemed to me so gratuitously insulting, and so dangerous if read by the general public, that I have not yet sent in my request. I have obtained several other opinions on the matter, each of which was strongly against the comment.

With regard to the matter to which the comment referred it is *only necessary to widen the meaning of the word 'Credit'* so that it will include both the financial and psychological connotations, and the various phrases you object to fall readily into logical line.

If you have other similar remarks still in the editorial bag, may I suggest that you change the first letter in New Age to "S"?—I am, with best wishes, yours sincerely,

X. Y. Z.

[Our correspondent's strictures only strengthen the point of our comment. We should judge that he has not grasped the idea of the "Oozlem Bird," which was a mythical creature who, when pursued, flew round and round and up and up in ever-narrowing circles until he disappeared into himself, "uttering cries of derision at his baffled pursuers." Our correspondent innocently provides evidence which completely justifies our attack when he speaks of the "widening" of the "meaning" of the word 'Credit' to include both "financial and psychological" connotations. That both "financial and psychological" connotations. Major is precisely what we were emptying the sewage on. Douglas once described it as "hot air." We are quite aware that the various phrases which we quoted fall readily into logical line if we widen the meaning of 'Credit.' But will our correspondent try to understand that we object on principle to this "widening" process. It ends in the destruction of the meaning altogether—in the disappearance of the Oozlem Bird.

We admit that Rabelaisian analogies are not to everyone's taste, but would it not be better to permit the public to judge them?—Ed.]

## Forthcoming Meetings.

LONDON SOCIAL CREDIT CLUB.

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

June 18, 25, at 8 p.m.—Two addresses on "Social Credit," by Mr. J. Ewart Purves, F.R.C.S.

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