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The Telegraph Post.

The absorption of the *Morning Post* by the *Daily Telegraph* a fortnight ago is an event whose significance is apt to be overlooked at this time of inflated international tension.

* * *

True as it is that fundamentally the policies of all newspapers tend to conform to the master-pattern designed by the Money Monopolists, there is something lost when any one of them disappears. In the case of the *Morning Post* what is lost is a link with a long distant past when the Landed Aristocracy blocked the progress of Industrial Democracy—when the Tories were instinctively resisting the subtle process of financial encirclement by the agency of the Whigs, then the Liberals, then the Reformist Radicals.

* * *

The Tories were not philanthropists, and the Land System behind them exhibited abuses like any other monopolist system. But they frankly admitted their motives, and just as frankly defended the consequences of what they did. Their enemies, on the contrary, concealed their motives and misled the people concerning what would be the consequences of substituting the counting-house for the castle as the seat of economic and political power.

* * *

The Tories, self-interested as they were, did oppose changes which, as we are coming to realise to-day, have almost extinguished the liberties of the people. They fought against the granting of the Charter to the Bank of England; and did so on this precise ground, prophesying that the eventual consequence would be the centralisation of political initiative in the hands of High Finance.

* * *

They were fighting, though not fully consciously, for the preservation of nationalism against the disastrous erosion of internationalism. It is said that certain volumes of Hansard, covering the speeches they made about the Bank Charter, are missing. Whether that is true or not there is no question that recent developments have justified their resistance, and have laid bare the truth that fundamentally the defeat of the Tories has meant the defeat of everybody.

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Now if their defeat was irretrievable there would be no reason for the continued existence of a public organ clinging to the remnants of a useless tradition and a lost

cause. But the defeat is not irretrievable. The discovery of Social Credit has made possible the recapture of the things which the Tories were unable to protect. It does not of course foreshadow a victory on the same plane as the defeat. It does not promise the restoration of Tory privileges, but it recognises the sagacity of the Tory resistance, and offers a policy attuned to the spirit which animated the resisters—the spirit, for example, which breathes out of Cobbett's writings, and whose manifestations are so ably described by Ludovici in his book: *A Defence of Aristocracy*. The Toryism which was sown in corruption shall be raised in incorruption.

* * *

Now it may be conceded that this spirit survives only in the faintest flickers here and there among the people. But where it does survive it has found the means of subsistence in the public organ which symbolised the old traditions. While not all readers of the *Morning Post* are animated by the spirit of Cobbett, yet most persons who are can be written down as its readers. So the absorption of the *Morning Post* means the severance of the one link between them. A potential rallying centre for a renascent Tory revolt has been occupied by the stewards of a degenerate Conservatism.

* * *

Turning to the financial aspect of the absorption you get a small-scale model of the absorption of the Land Monopoly by the Money Monopoly. In both cases the potential benefits of the absorption accrue to the absorbers at the expense of the public. In the case of the *Morning Post* there was a sudden cessation of wage-distribution amounting to say £2,000 per week. There was also a cessation of orders for paper, ink and other materials. Lastly £500,000 worth of composing and printing machinery was suddenly put out of action. Practically every wage-earner displaced from the *Morning Post* will remain displaced—he will become a perishing charge on the funds of his trade union. Then, as to the machinery, the overheads that it has been earning will have to be added to the charges made in respect of other machinery still working. In both cases the public suffer a financial loss.

* * *

What is there to offset this loss? Well, in theory the price of the *Daily Telegraph* and *Morning Post* could be reduced. Whether it will be or not we leave our readers to decide for themselves.

* * *

There is a sinister feature about the absorption,

namely that it took place in such a hurry. Not until the final issue of the *Morning Post* had been got ready for the press were any of the men concerned told that this was the final issue. They suddenly got a fortnight's money put in their hands with the abrupt intimation that their services would no longer be required. This hustle arouses suspicion in our mind that the absorption was decided on for political rather than commercial reasons. And this is supported by the fact that old hands along Fleet Street are inclined to the opinion that the financial condition of the *Morning Post* was not so bad as to make its cessation of publication imperative. They think that if notice had been given to the various parties whose interests were affected some way would have been found of making good the deficits. There was room, so they say, for retrenchments, and also scope for certain technical improvements which would have increased the circulation. This view derives support from the reflection that if the prospects had afforded no grounds of hope at all there was no reason for keeping everybody in the dark until the last moment.

Another point of discussion among journalists is this: Can the *Daily Telegraph* and *Morning Post* rely on capturing the circulation of the *Morning Post*. Some think not. They suggest that the type of person who liked the *Morning Post* will now be indifferent about which substitute he adopts (if any). In view of what we have said earlier this seems a reasonable suggestion. The *Morning Post* was different, as the advertisers say, and if you take away the difference you engender indifference. It is true that a name passes for a substance to the idea of most people, but we should say that old readers of the *Morning Post* are less likely to confuse the two than the generality of newspaper-readers.

But of course these considerations are irrelevant if the absorption is part of a scheme to standardise public opinion. We are, of course, not attributing any such scheming to Lord Camrose. He is probably working for a shorter objective, but there are high-financial interests which are able to prevent the attainment thereof if they wish; or to assist it. The logical end of the present policy of the bankers is: One newspaper for all.

The influences leading towards newspaper-mergers, though remote, are continuously at work; and no-one can tell when another reverse in the battle for circulating trades unionists are the immediate sufferers. And the rest of the public gain nothing by reason of the money they lose. It mostly goes out of circulation through the purchase of securities unloaded by the banks. Very little gets into the hands of shareholders, for their drawings of dividends are coming to be as rigorously regulated as wages and salaries. And even if all the wages lost by the men were distributed to shareholders, the bulk of the share-holdings are represented, not by individuals who might spend it, but by various institutions which add it to their reserves out of the reach of their own shareholders. Thus money saved through the dismissal of wage-earners is a net loss to the public generally. And Lord Camrose (no matter what his purpose may be, or whether he is a conscious principal or unconscious agent) is, in this special sense, a "Public Nuisance." He has deprived the public of a valuable political landmark and made them pay good money for its removal.

We were chatting with somebody the other day about the building boom, and he made a remark about the seemingly unnecessary demolition of good old properties in the vicinity of new houses of the fourteen-up-in-a-fortnight type. "Do you know why they do it?" he said. "It's because they daren't leave them standing: they would show up the jerry-built trash they are planting on people like you and me. It's just like any other thing you are asked to buy: it looks all right if you don't see anything better. So they're smashing the old

stuff up—stuff fit to last another fifty or a hundred years—because it would put to shame this new stuff which'll fall down if you lean against it." Well, there is reason in this idea that comparisons between the old and new are odious because they would create sales-resistance to the new. And the picture drawn here will fit the case of the old *Morning Post*. Its demolition was necessary to keep the rest of the Press in countenance. There was more sense in the old Tory prejudices than in all the cant and rant that masquerades as reason in the modern newspaper. As we said before, the knowledge we now have of how the credit-system has made catpaws of the progressive elements in politics justifies the resistance to change for which the Tories have been ignorantly derided. They were true economic democrats without knowing it.

Going back to the wage question, the printing trades unions, on the basis of the fact that their loss is a general loss, can reasonably demand that when the numbers employed are reduced scales of pay shall be decommensurately increased. This of course can be demanded by all wage-earners. Alternatively they can demand that the saved wages shall be redistributed by price-reductions. The rationale of such a demand rests on the proposition that if industry can maintain its production with fewer workers than previously employed it can supply those fewer workers with more goods; or the original number with the same quantity as before. This would be seen to be true at once if there were no money used and labour were rewarded in kind. If it seems to be untrue when money is brought into the field of operation, then there must be some trick about the money-system. Nobody can plead that there is not enough production to go round. The plea is visibly proved by the existence of idle men itching to operate idle machines. To whose interest—we mean material personal interest—is it that they should be kept apart? Economically every section of the public lives on the products of industry, and it is the basic interest of each section to see industry turning out goods at the maximum rate until everyone is satiated. And there is scope for all sections to gain in terms of things. Yet when money is brought in to measure the shares it appears that these several interests which are common in the economic sense are in conflict in a financial sense.

Arthur Kitson By James Golder.

I would like to acknowledge with grateful thanks the help I received from Arthur Kitson at a time when, groping for the light, I trusted no living man, and the name Major Douglas meant nothing to me. Kitson was the first of my own profession (indeed, of any profession at that time) who encouraged me to hope that one day I might come to understand the practical technique of our credit and currency system. Strangely enough, the year before the where we first met was called Hope, the year before the General Strike. Thus a door was opened by him to me, in a village in Derbyshire, which led me to Douglas, Brenton, Orage, and the rest. In my engineering days I had heard of the "Kitson Light," which was peculiarly brilliant for open-air purposes. I believe he was, or his Leeds factory was, the producer of that light. In any case, it was not inapt that the name "Kitson" always meant to me the light which came from Leeds.

Those who put about the maxims, clichés, and parrot cries by which we are commonly misled, have allowed this one to gain some popularity, viz.: "Every war produces a crop of currency cranks." I think it was through Lord Passfield (then Mr. Sidney Webb) I first heard that one. Well, I should say, Arthur Kitson was one of the first of the Great War crop of "cranks" who have made that epithet respected. Those of us who are alive and remain, now have the opportunity, if we can take it, to make it also feared and effective.

More lofty courage dwells in one weak heart
That braves an adverse fate
Than he whose ardent soul indignant swells,
Warmed by the fight, or cheered by high debate.
Salvo!

Gloves Off In Alberta.

CHARACTERS IN THE PLAY:

ABERHART, WILLIAM . . . Premier of Alberta.
BOWEN, J. C. . . . Lieut.-Governor of Alberta.
BYRNE, L. D. . . . Permanent Social Credit Commissioner in Alberta; a director of the Social Credit Secretariat, Ltd.
DOUGLAS, C. H. . . . Chairman, Social Credit Secretariat, Ltd.
GRIESBACH, SENATOR . . . A politician.
HARGRAVE, JOHN . . . Leader of the Social Credit Party of Great Britain and Northern Ireland (The Green Shirts).
KING, MACKENZIE . . . Premier of Canada.
MACLACHLAN, G. L. . . . Chairman, Social Credit Board.
POWELL, GEORGE F. . . . A Member, Social Credit Board: a director of the Social Credit Secretariat, Ltd.
SOCIAL CREDIT BOARD . . . Technical Advisory Board planning legislation.
SOCIAL CREDIT CAUCUS . . . The Ministerialists.
SOCIAL CREDIT LEAGUE . . . The organisation supporting the Ministerialists.
TWEEDSMUIR, LORD . . . Governor-General of Canada.
UNWIN, JOSEPH . . . A Government Whip.

A LEAFLET EXHIBIT.
Published by the Board for distribution by the League.

STATEMENTS.
"Mr. Powell went to Alberta in June as a result of advice which I gave to the Alberta Government."—C. H. Douglas (Daily Mail report, October 7, 1937).

"I am not Chief Reconstruction Adviser to the Alberta Government. . . . I have not advised Mr. Aberhart in regard to a new line of action."—C. H. Douglas. (Letter in Daily Telegraph of October 2, 1937.)

"Powell Byrne trusted colleagues press story repudiation frigid calculated verminous lie: use rat poison—Douglas." (Cable to Barclay Smith, Ed. *The New Era*, Sydney, Australia, denying statement that he had repudiated Powell and Byrne. Published in *Social Credit*, August 20, 1937.)

The news of the week so far received from Alberta amounts to the following story. The police raided the headquarters of the League and impounded its stock of leaflets. They then arrested Mr. Unwin, and subsequently Mr. Powell. The charge in both cases was that they "counselled murder," and uttered "seditious and defamatory libels." Both were released on bail. (Mr. Powell's bail is variously given as £1,000 and £4,000.) The writs were issued on the information of Mr. Griesbach.

The offending leaflet is said to contain the names and addresses of certain prominent citizens who are alluded to as "bankers' toadies" and concerning whom the expression: "exterminate them" is said to have been used.

A certain number of copies of the offending leaflet had been distributed among members of the Legislature inside the Chamber prior to the raid. Presumably one of these came into the hands of Mr. Griesbach (and other offended parties) thus enabling him to lay the information and move the machinery of the law.

It appears that complaints had been made about the leaflet when distributed inside the Chamber, but that the Government claimed privilege on that precise ground, a Legislature immune from legal action for the words they speak in the Chamber.

In strict law a libel is "published" directly it is communicated to anybody at all other than the author. For example, the dictating of libellous matter to a stenographer constitutes publication. If, as here appears to be the case, the alleged libel is set up in print, it has already been "published"—compositors, printers/readers and so on have seen it, and possibly gossiped about it. So this gives the offended parties the right to test the legality of the expressions which they construe

as libel. In the present case they are not parties to a civil suit, but rather informers instigating a criminal prosecution.

It remains to be seen whether the prosecution can establish the charge, and how they connect Unwin and Powell with authorship or publication of the offending words. Who actually drew up the leaflet? And is the leaflet now in print the same as the leaflet drawn up? Among Social Credit observers here in London there is some betting that something has been "planted" on the Social Credit League. On the other hand it has to be admitted that the epithet "toadies," and the allusion to "extermination" belong to the same order of provocative language as characterised Douglas's cable to Barclay Smith with its allusions to "vermin" and "poison." So the betting on the "plant" is rather a long shot, for there is every reason to suppose that the keynote of agitational publicity struck in London would be reproduced in Edmonton.

Turning to other items of news we note that the Government have decided to give notice to determine the arrangement by which Alberta pays for a police-force under the control of the Dominion. The problem of the police was one of the first matters raised by Harof the police in his discussions with Aberhart. (Incidentally it would appear from Douglas's letter to the *Daily Telegraph*, cited above, that Hargrave is now freed from the imputation of having "intruded" when he visited Edmonton.) Then, as regards the disallowed Bank and Press Acts, we note that Mr. Bowen has suspended the Royal Assent pending the approval of Lord Tweedsmuir. His Lordship, we hear, has just gone into a nursing home—whether to get rid of the buck that Mr. Bowen has passed to him does not transpire. Anyhow, we wish him speedy recovery from whatever is the matter with him.

It is understood that Mr. L. D. Byrne will leave for Alberta within the next fortnight to take up his duties as Permanent Social Credit Commissioner. We wish him *bon voyage*.

Bankers' Official Apologist

Last month Mr. Vernon Knowles commenced a series of talks over the air in Canada describing "The Facts About Banking in Canada." He announced himself as spokesman for the Chartered Banks of Canada. The bankers, he says, are too busy looking after the savings of their customers to go round defending themselves against attacks on their motives and actions; so they have deputed him to take charge of this job. The way he fulfils his task is to explain in detail the services performed by an individual bank for its customers. If he quote an example: a trader, he says, might buy goods and be offered a discount for prompt payment. If he has not got the money he can borrow it will not be so much as the discount he saves. With the aid of this saving he can cut prices, attract new customers, and market his goods in time to repay the bank on the date agreed. Beautifully simple, is it not? All prizes and no blanks. Apparently, in Canada new customers can be attracted without having been subtracted. And thus Mr. Knowles prattles on, weaving haloes with factual and logical loose-ends. Banks, he says, have paid out millions of dollars in interest to depositors. (Incidentally they have collected some interest, but this fact does not match the colour of the halo.)

He touches, however, on the deeper question of credit-creation, but says that the creation is not real, as Social Creditors allege, because if it were, the bankers would become astronomically rich. When you look at it this argument is not much of a compliment to them: it amounts to saying that if they could create credit they would appropriate it for themselves. He goes on to explain that when a banker lends money it is money belonging to a depositor who does not need to use it. If that is true Mr. McKenna was wrong when he stated that the amount of money in circulation varies according

to the actions of the bankers—whether they are, on balance, issuing or calling in loans. Again, if loans do not create deposits what does? Is it the banks' purchases of gold, or securities, or premises? If one, then all three. But when you add the three items together you get a total far exceeding their paid-up capital. Where does the balance come from if it is not created? Lastly: where did the very first deposit come from?

Perhaps the most effective general answer to Mr. Knowles consists in the famous dictum of Mr. J. M. Keynes, which was this:—"There is no limit to the expansion of credit provided that the banks keep in step." Credit cannot be expanded by transferring parts of it from one depositor to another. And the only limit to the action of the individual bank as regards expanding credit consists in the rules which bankers make to prevent its falling out of step. Every bank is tethered to the banking system; but the banking system is not tethered to anything—except itself.

News Notes.

The Cost of Living.

The Press have announced an official inquiry to ascertain how people portion out their incomes. Thirty thousand typical households are to be asked to supply data. The object of the inquiry is to enable the authorities to revise the Cost-of-Living calculus that has governed wage-rates for the last twenty years. There is to be an intense scrutiny. Everything—down to the kitten's farthing's-worth of milk—is to be accounted for. Only relatively poor people are to be questioned—the top limit of income being £250 a year. We hope (without faith) that one question will ask, in respect of each article: "How much more of this could you use if you could buy it?" Social Creditors must be on the look-out for the opening of the inquiry. It affords a strong peg for propaganda.

Royalty in Quarantine.

The Duke and Duchess of Windsor are to study housing conditions in Germany and, later, in the United States. In other words, they are being placed in quarantine before being allowed to land in England.

Fascism and Opinion.

The disorder attending the recent Fascist march through East London points two morals. What they are is of no consequence because they cancel each other out. You see, under Hitler or Mussolini, every citizen is excused from voicing his opinion on political issues. So you have Unity composed of Silence, and this Silence gives Consent. Excellent for the ruling autocracy. Which arouses the suspicion that the object of the Mosley Marches is to encourage the voicing of opinion until it culminates in disorder, whereupon this disorder will be adduced to discredit the democratic principle. However, our bankers are wise old birds. They know that to forbid the expression of opinions is not nearly so effective as to prevent habits of thinking which lead up to those opinions. Suppressed opinions become concentrated: free opinions evaporate. If you suppress opinions you act in the open. If habits of thinking, you act in the dark. For while the average citizen knows what his opinion is, he does not know how he came to have it. So long as you let him shout out the results of his thinking he will let you provide him with any material you like to feed into his thinking-machine. This is what enables democratic countries to keep their own end up. Autocrats don't know everything.

"The New Age" Telephone.

The new number is Central 2262. Will readers take note, as it is not yet in the Directory.

Forthcoming Meetings.

LONDON SOCIAL CREDIT CLUB.
Blewcoat Room, Caxton-street, S.W.

October 15, 8 p.m. "Social Credit from a Topical Stand-point," by Mr. E. W. Harrison, of Birmingham.

NOTICE.

All communications requiring the Editor's attention should be addressed direct to him as follows:
Mr. Arthur Branton, 20 Rectory Road, Barnes, S.W.13.

The Over-production of Capital.

II

[Continued from our issue of September 23]

In THE NEW AGE of September 23 it was shown that business enterprises aim at collecting maximum profits, distributing minimum dividends, and applying the balances to the acquisition of shares in other enterprises, the value of which shares figures as Reserves. The situation thus created was presented in the form of a hypothetical balance sheet which is here reproduced together with the few lines of comment which closed the article. These comments are here elaborated.

Liabilities.	Assets.
Amount you invested in your machines x	Value of your machines a
Amount of undistributed profit owing to you ... y	Value of other companies' machines invested in b

Assuming that other items in the Balance Sheet balance (which, of course, is possible), then $x + y$ will be equal to $a + b$. And if $x = a$ (which again is possible), then $y = b$. In that case, the management virtually say:—

We are holding machines "a" as security against your original investment "x"—and have acquired machines "b" as security against profits due to you but not distributed to you "y."

Someone may ask why investors should be kept short of dividends to the amount "y" in order that they should acquire machines "b" in order that in a winding-up of the business the machines "b" can be sold for "y," and the proceeds paid to the investors. Why should they not be paid the amount "y" as and when the profits are being realised? The answer is that a winding-up presupposes that machines "a" can no longer be operated profitably. If so, they cannot be disposed of at a price equal to investments "x." The deficit needs to be made good, and this can be done (at least, so it is hoped) by selling the securities "b." If so, then in the winding-up the proceeds from the sale of $a + b$ will be equal to x . In other words, the investors will receive their money back.

The general lesson of this analysis is that the original capital of any given company has to be protected by subsequent acquisition of capital in other companies. The necessity for this is due to the fact that later machines render earlier machines obsolete. This obsolescence can, of course, supervene even before the earlier machines have begun to depreciate. Hence, immediately upon the construction of, and investment in, a given machine, the management operating it must try to make as much profit as possible, distribute as low dividends as possible, and plough the surplus into later (and more up-to-date) machines.

For example, if you invest £100 in a saw-pit where a couple of men work with a hand-saw, your manager must watch out lest somebody else starts a steam saw-mill going. If he hears of one being projected, he will, if possible, withhold dividends from you to invest in the mill. Then, if the mill puts your pit out of action, you may save your original £100, or, at least, not lose all of it.

To generalise: The ownership of Fixed Capital obliges investors to acquire more Fixed Capital. The money with which they acquire it comes ultimately through prices charged to the community as consumers. And in the present system of financing industry there is no way in which to arrest the progressively increasing disproportion between machine-construction ("saving") and food-distribution ("spending").

The underlying physical truth is that the machine, first of all, displaces men, and then displaces itself. For when a machine makes a machine it makes a better machine than itself—better both in terms of physical efficiency and relative cost in relation to output. Thus every machine has the property of rendering itself obsolescent. It has a co-efficient of self-displacement. To speak rhetorically, it is a mother who gives birth to matricides. The saw-pit delivers timber to the builders of the saw-mill, and then the saw-mill smothered the saw-pit under timber.

To conclude: It will be seen that the general body of consumers (including investors themselves) have to surrender income at a rate sufficient not only to cover the real Depreciation of existing Capital, but also to cover the aggregated individual risks of Obsolescence attaching to each subdivided block of Capital. And it would be near the truth to say that this concealed Obsolescence-levy is the cause of the phenomenon of poverty amidst plenty.

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