

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 2327] NEW SERIES Vol. LX. No. 24, THURSDAY, APRIL 15, 1937. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

CONTENTS.

	PAGE	PAGE
NOTICE	169	Settlements—differentiation of functions as between Chairman and President—Chairman the diplomat—"passing the buck." The Duke of Windsor's maintenance—no provision by the State or the Royal Family. The Houston fortune. Abdication literature—Geoffrey Dennis's book.
THE NEW AGE—new selling arrangements. Reasons of finance and of policy.		
NOTES OF THE WEEK	170	CORRESPONDENCE
Newfoundland Report—insolvency due to "corruption"! Alberta—the present situation. Sir Otto Niemeyer and the Bank for International		B. C. Best; A. W. Coleman.

NOTICE.

"The New Age" NEW SALES CONDITIONS.

After April 30 "The New Age" will not be sold in bulk to the trade. (An exception is noted later.)

Readers who wish to continue receiving it may do so either by sending a direct subscription to the office, 12-14, Red Lion Court, E.C.4, or by instructing their local newsagents to do so. In the latter case the newsagent will be allowed 20 per cent., which means that he will have to remit 6s., or 12s., or 24s. as prepayment for a quarter, half-yearly or annual subscription. Copies will be posted either to the reader's address or to the newsagent to be held for him or delivered to him as he wishes. The reader will, of course, pay the newsagent 7s. 6d. for a quarter; and pro-rata for the longer periods.

In order not to interrupt deliveries to readers overseas who are buying through the trade we shall continue to supply wholesalers with requirements as before, which they certify are for despatch overseas. This arrangement will last three months in order to allow readers at the farthest distance time to communicate with us. In the meantime, we invite readers not so far distant to change their arrangements on receipt of this Notice so that our bulk supplies to wholesalers shall diminish as soon as possible.

Our reasons for taking this step are partly financial and partly political.

With regard to finance, we cannot afford to allow the discounts required by wholesalers. We have only been able to do so during the last three years by reason of the fact that the editor has been applying his own savings to supplement the revenue and donations received from his supporters. But he is unable to go on doing this, so THE NEW AGE must make up the deficiency from another source. This is mentioned simply in order to reassure supporters that this step has not been necessitated through a drop in the circulation. There is little for them to be dispirited about on that account. And the fact that there is not is something in the nature of a miracle considering the competition of other journals and the financial calls made on people supporting various activities of the Movement.

With regard to politics, we want THE NEW AGE to be able to "plead privilege" for the things said in it. What we mean will be clear by reference to the publication *The Week*, for in that publication the editor is able to report and comment on matters which would not be tolerated if it circulated freely through the trade. And speaking of the trade, it will be remembered that quite recently an issue of *Cavalcade* was held up by distributors until a certain passage in it had been excised. "Bookstall bureaucracy," we called it. Very well, it is certain that the need for us to talk frankly and forcibly will be greater as time goes on, and when we have got our circulation on to a private, personal basis we shall be able to do this with greater impunity from legal process and commercial interference. If we are to be penalised or censored by distributors let these distributors be the Post Office, for at least, then, there is a Minister of State in Parliament to be questioned about it.

The price-for-size problem of THE NEW AGE will be settled later. The immediate thing is to ensure its continuity of contact with its supporters. Next, its contents should not overlap those in competing journals. It is assumed that everyone takes the official organ. Hence THE NEW AGE should aim to supplement it without duplication. It should not include "padding" merely to fill out a standardised number of pages. Therefore its size should expand and contract according to

the amount of news and comment that needs to be included.

We want subscribers to consider their subscriptions as contributions to a "New Age Society," not merely as payments for the journal. We are entitled to do so because the running of THE NEW AGE has by no means covered all the activities of the editor and staff. The New-Age organisation includes what may be called a Record Office and an Intelligence Service. It always has done so, and was bound to by the nature of its responsibilities.

If THE NEW AGE is regarded as the organ of a "New-Age Society," and subscribers look upon themselves as supporters of the "Society," there will be no need to fix any particular price *per copy* for the journal—particularly under the new arrangement where copies will not be offered for sale to casual applicants.

Most societies who issue an official organ at fixed periods demand, either a *small* membership fee, with an *additional* charge for the organ, or a *larger* fee, with *no extra* charge for the organ. In either case they expect to get, so to speak, a marginal "something for nothing."

One advantage of the new arrangement will be that private or semi-private communications to supporters can be sent when necessary in the same enclosure with the journal—information or comment, for example, which it might not be desirable or feasible to have set up by printers. (It is this consideration which explains why the publication, *The Week*, is never printed but is always run off by a typewriting duplicator.)

There is more to say, but we must defer it. The Memorandum to which we alluded last week has been prepared, approved and despatched. We believe that it should clear up misunderstandings, allay distrust, and thereby promote better co-operation between THE NEW AGE and other journals and bodies working for the early adoption of Social Credit.

NOTES OF THE WEEK.

Newfoundland.

A leading article in *The Times* of April 10 discusses the Report of the Commission of Government. It says in effect that the Commissioners have not shown satisfactory results, but that this has been due to events beyond their control. Referring to criticisms, it says that however bad the results may be they are nothing to the evils which had caused the Commission to be appointed. It says that Newfoundland had got into trouble through "corruption" in Government circles—trouble which was foreseen to require "generations" to put right. It does not describe what this corruption consisted of, so readers are left to puzzle out for themselves why and how it should have caused the trouble. We know from the *Manchester Guardian* that it was the outcome of so-called extravagant Government expenditure, and we therefore see no call for the suggestion that this expenditure was undertaken through corrupt motives on anybody's part. What if people got some pickings out of inflation? That had nothing to do with the subsequent deflation. When Newfoundland was inflating, the world was inflating; and the troubles of Newfoundland are due to the same cause as are the troubles of the world in general.

Europe.

The Week of April 7 understands that all sub-editors of the Rothermere newspapers have been told to go neutral towards the loyalists and insurgents in Spain.

It also understands that there is a rift between the War Offices in Britain and France about policy regarding (a) Spain, and (b) the Little Entente. It also hears that Hitler has been trying a new poison-gas on the dog—i.e., forcing political prisoners to undergo tests of its efficiency, and with disastrous effects on them.

Alberta.

Until further notice it will be advisable for the régime in Alberta to be described as a Credit-Socialist Government. By general consent, including that of Mr. Aberhart himself, the essential principles of Social Credit have not yet been applied, nor even officially recognised. The latest news is that a group of Social-Credit insurgents has formed itself within the Credit-Socialist Parliamentary Party. The insurgents are pressing for a new Premier and a new Cabinet, who, upon appointment, will invite Major Douglas to go out and assist them to start Social Credit going forthwith. Whether the insurgents will win over a sufficient number of loyalists to carry out their plan is a question which cannot be answered. In the meantime the Budget has been postponed to allow of Mr. Aberhart's attendance at the Coronation, and it is probable that matters will remain in abeyance until his return. It is believed that Mr. Aberhart had been entertaining the idea of consulting Major Douglas while in England, but there is no information as to whether any meeting has been fixed up. We hope so, because if anything is to be done it ought to coincide with the presentation of the postponed Budget, and, indeed be reflected in the accompanying legislation. In connection with this desideratum it is important to note that some of the local Social Credit members of the Legislature are interesting themselves in the question whether the Dominion Government are entitled to invoke the British North America Act as the last word in the Constitution. This may open up important issues even outside Alberta, for whatever other Provinces may think of Social Credit as a policy for them to adopt, they are very jealous of their autonomy, such as is left of it; and that being so they might very well back any attempt on the part of Alberta to widen her autonomous powers, or at least to test them. It will be remembered that some of them caught the infection of Alberta's interest-reduction policy.

Niemeyer and Basle Bank.

Sir Otto Niemeyer is to be the first occupant of a newly created position in the Bank for International Settlements, namely, Chairman of the Board. Hitherto there has simply been the President of the Bank. The function of the Chairman under this new arrangement will be to look after the political end of the Bank's activities, while that of the President will be to look after the purely banking end. It is believed that one of Sir Otto Niemeyer's lines of action will be to stimulate discussions between the central bankers composing the Board, particularly the most influential such as Norman (England), Schacht (Germany), and Labeyrie (France).

In 1906 Sir Otto won in open competition an appointment to the British Treasury. In 1922 he became Controller of Finance at the Treasury. In 1927 he became a director of the Bank of England, and in the same year became Chairman of the Financial Committee of the League of Nations. In 1932 he joined the board of the Bank for International Settlements. He was knighted in 1924 (Knight Commander of the Bath),

and has since been made a Knight of the Grand Cross of the British Empire.

The Basle Correspondent of *The New York Times* describes him as an "economic diplomat." This is correct; for Sir Otto has not practised the technique of finance. He has been a diplomat throughout his career, and his new appointment makes no difference to his function, but rather widens its scope and formally registers the confidence of high-financial authorities in his competence as a diplomat.

In his new position he will undoubtedly take on some of the work which has hitherto been done by Mr. Montagu Norman who has devoted more time to the affairs of the Basle Bank than any other central banker. But what is more important he will assume responsibilities which, as time goes on, will be seen to be incompatible with those properly belonging to a national central banker. Nominally, the duty of any central banker is to place the financial and economic interests of his country first. The British people take it for granted that Mr. Montagu Norman's policy is to promote British interests. They do not expect him to act as an international arbitrator. To put it vulgarly, they expect him to forward Britain's market-grabbing as far as Britain's economic and military power will permit. They do not expect him to have part or lot in a cosmopolitan scheme of market-rationing having the effect of depriving Britain of markets to which otherwise she could help herself. In biblical language, Mr. Norman cannot serve God and Mammon. That, at least, is how the British public would look at the matter if it were brought to their attention. And events are developing in such a way that the matter cannot be withheld from their attention for much longer. This kind of situation confronts the central banker in every country.

It will be seen, then, that the appointment of Mr. Otto Niemeyer comes most opportunely to solve the problem. In future Mr. Montagu Norman can pose as market-grabber for Britain and the Empire—Dr. Schacht the same for Germany—M. Labeyrie for France—and so on all round; while Mr. Otto Niemeyer assumes the over-riding judicial function of market-rationer. He is admirably fitted for the job. By race, temperament, and training he is, so to speak, a world-patriot; his allegiance is not confined within any geographical area, nor at the command of any political governing power. In future, each central banker can lay his hand on his heart and tell his nationals: "I am doing my best to get you what you want, but Niemeyer won't let me." The whole scheme is a perfect example of the process known as "passing the buck." It has one tiny defect, namely, that Sir Otto still remains a director of the Bank of England. It were better if he resigned and thereby completed his formal detachment from this ostensibly British institution. For obviously it would cramp the style of the Governor of the Bank of England to have to say, or hint, that his policy was subject to modification by one of its directors. It is much better for the Chairman of the Board of the Basle Bank to have no connection whatever with any of the central banks. He will then be a perfect lightning conductor, attracting the currents of public wrath generated within every country, and earthing them safely outside. If things go fairly well the central banker will appear on the spot to take the bouquet: if they go badly,

the Basle Chairman will vanish from all spots to escape the storm of eggs and carrots.

But we must qualify here. The trouble is that in this mismanaged world there has got to be an imposed system of rationing. For unless the more powerful and efficient countries agreed to accept a smaller share of the world market than they are able to take there would be no share at all for the weakest. That would make war inevitable. So the weakest have to be assisted to hold their own. Thus there has to be a central body of central bankers to decide the technical means of assistance, and there has to be a central diplomatic corps who can persuade the various Governments to acquiesce in their employment. At the moment this is not difficult because world-wide armament inflation is temporarily stimulating home production for home uses (armaments not being exported). But when this inflation is checked the diplomacy of Basle will have its work cut out to deal with the renewed scramble on the part of all countries to capture their necessary share (which means more than their share) of the world market. This is where, as we have just said, we have to qualify. Sir Otto Niemeyer will not appear wholly as a scapegoat, but partly as a saviour. When the policy for which he takes responsibility has unpleasant consequences (which it must) the machinery of publicity will be directed to insinuating that the fault lies with the peoples themselves. They will first be challenged: "Do you prefer war to compromise?" When they say: "No," they will be told: "Very well, then; you cannot have compromise without sacrifice." In this way the people can be forced to admit that Sir Otto Niemeyer is indispensable, and also that his policy is bound to be unpleasant if he is a competent compromiser.

It will be seen that we are talking here of more enlightened people—the leaders of industry who take an interest in international economic policies for their own self-protection. The ordinary public will not be taking particular notice. It will also be noticed that we are assuming these industrialists to have realised that there is a close connection between the counsels at Basle and events which affect their fortunes. This assumption is probably unwarranted at the moment—they still need the kind of education that Social Credit offers them, and need jolting by new events before they wake up. But they will wake up all right, and therefore we are justified in arguing, as we have done, in anticipation of their doing so. Basle is bound to come into the centre of the limelight—and that is why the national central bankers have, so to speak, slunk off to their homes and left Niemeyer to pose alone on the front steps for the photographers.

The Duke of Windsor.

It is stated in the Press that no provision will be made either by the Government or by the Royal Family for the maintenance of Edward VIII. It has been ascertained that he has enough money in his own right to maintain himself and his future wife in a style consistent with their status and dignity. A sum of £750,000 is mentioned. Capitalised values of course mean nothing, but the income from the property, whatever it is, ought to be adequate. If we were in his place we should feel a strong impulse to convert it into cash and live on the capital. We should thereby derive the satisfaction of ceasing to pay income-tax. Of course we would lose a bit if we converted it completely and quickly. On the

other hand we should possess money, and therefore rights of action, not things nominally convertible into money, which are usually checks on action. And even in terms of money itself it might often pay to convert property during a period of inflation, and hold the proceeds as a lock-up security to be realised when deflation came along. The snag here is that there won't be any more deflation. However, bankers don't like idle balances—and that is the reason which would motivate our converting our property.

The Houston Fortune.

It gives us a comfortable feeling to see that the late Lady Houston parted with so much of her fortune as she did during her lifetime. This will make a huge hole in the succession duty which the Inland Revenue Robbers hoped to lay their hands on. And for that reason her legatee will not be so very much the worse off. She inherits less, but the robbers' rake-off is proportionately much less still.

Abdication Literature.

Thompson's Weekly News is still making its chief feature the abdication of Edward VIII. Recently Hector Bolitho published his biography of him. At the moment of writing (Monday), Geoffrey Dennis's book about him is announced to be on sale. The latter book appears to contain attacks on all the principals involved in the events leading to the abdication, irrespective of their sympathies and objects. We have not seen it, and are relying on the contents of a splash-article in *The People* of April 11 for what we say about it. The author perpetrates the fallacy of inferring (by implication) that, because Edward VIII. had cultivated the society of American cocktail-drinking friends, therefore he would have gone on doing so after marriage. This does not follow at all. Any person who is committing a breach of certain conventions would necessarily find the company of conventionalists uncongenial. He would seek the companionship of people who tolerated, if not sympathised with, what he was doing. The whole point is that Edward VIII. did not want to go on doing it. He wanted to marry. The ironical feature about the whole affair is that if he had renounced the marriage to retain the throne—which was the demand of the Premier and the Primate—he would have been driven to go on cultivating the same society. So the danger, apprehended by Mr. Dennis, that he would have "Americanised" the Court would have been greater if Edward VIII. had yielded to the demand. In any case there appears no evidence that his cocktail-drinking companions (whether Americans or otherwise) were degenerates. In all probability they were nothing more harmful than people generally who hold advanced ideas on various subjects. We see no reason to abandon our theory that if Edward VIII. had remained King, and also married the woman of his choice, he would have "settled down," as the saying is, and ruled well and wisely in the estimation of the vast majority of his subjects.

LETTERS TO THE EDITOR.

MACHINERY.

Sir,—K. P. Brown is mistaken in supposing that Social Creditors contend that "mechanisation, by cutting down the number of wage earners, is directly responsible for a discrepancy between total prices and total incomes." Social Creditors contend that the cost or price of the machine will, at some later date, after the money has been spent on the construction and purchase of the machine, appear in the prices of the final goods the

machine turns out. The time element, or *rate of flow*, is all important in the Social Credit analysis, and is so recognised by Social Creditors; but in so far as mechanisation involves this *time lag* it is responsible for the gap. The position (with increased mechanical efficiency and consequent labour displacement) is that these *fixed* capital costs increase in proportion to the declining labour, or *current* costs, and so the gap between purchasing power and prices must inevitably tend to widen. (K. P. Brown exposes the futility of the economists' contention that mechanisation is not, in sum, labour displacing.) The contention, therefore, is not that "cutting down the number of wage earners" is alone directly responsible for the discrepancy, but the decline of current incomes (due to labour displacement) *unaccompanied by a corresponding decline of costs*. For reduction of labour costs is by no means invariably accompanied by a *corresponding* decrease in prices. Furthermore, increased mechanical efficiency means increased power to produce, and although the unit price may be reduced, the aggregate price of possible output may be materially increased. The labour displacement, however, has *reduced* customers. Boiled down it amounts to this, that mass or mechanised production requires mass consumption; but in fact, and paradoxically, mechanised production tends to eliminate its necessary customers.

The illustration of the motor-cyclist referred to by Mr. Brown was perfectly valid in its particular frame of reference. It was merely used to show that the output of mechanical production could not be attributed to the labour required to effect it; and that, therefore, the wage could not logically or justly, as well as in actual fact, be looked to for its distribution. It is not merely the petrol, or the "man hours used in digging it up," that is responsible for the motor-cycle. There are the various inventions that have contributed to its efficiency, and the machinery (also involving inventions) operated by the men to dig up the petrol. These, because they are an inheritance, must be free; but they certainly do require a medium of distribution. The national credit, given direct to consumers in the form of a dividend and a discount, is the proper medium.

Mr. Brown says, "no medium of distribution is required." May I ask, then, what method he proposes to effect this distribution?

B. C. BEST.

Sir,—May I be permitted to challenge the statement in para. 3 of Mr. K. P. Brown's article in your issue of April 8th?

In considering the case of an employer who instals machinery which halves his labour costs, he says: "Either his prices go down £50 or his profits go up £50, . . . but in either case the total purchasing power equals the total prices . . ."

I submit that, in the first instance, his prices cannot fall by so much as £50, unless he makes no allowances for the depreciation of his new machinery, and heads for the bankruptcy court.

In the second instance, Mr. Brown evidently regards the £50 profit as *net* profit, all of which is available as consumer-purchasing power. It is not: it is *gross* profit, and out of this must be placed to reserve those long-term machine costs known as depreciation charges. This, as Mr. Brown acknowledges later, will bring about a deficiency in purchasing power.

The extent of the deficiency will depend a good deal on the manner in which the reserve funds are invested. The money shortage, as he rightly points out, is not due directly to labour displacement; it is due to the investment of business reserves.

A. W. COLEMAN.

Forthcoming Meetings.

LONDON SOCIAL CREDIT CLUB.

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

April 16th, 8 p.m.—"The Finance of Rearmament," by Mr. H. Norman Smith.

Published by the Proprietor (ARTHUR BRENTON), 12-13, Red Lion Court, Fleet Street, E.C.4, England, and printed for him by THE ARBOUS PRESS, LIMITED, Temple-avenue and Tudor-street London, E.C.4, England. (Telephone Central 3701).