

# THE SOCIAL CREDITER

## FOR POLITICAL AND ECONOMIC REALISM

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### The Brief for the Prosecution

By C. H. DOUGLAS

#### CHAPTER III\*

A few years ago, a reference to "inexorable economic laws" was certain to be well received in the best circles. It had a scientific sound, combined with a slight suggestion of Puritanism and of the essentially inhospitable structure of the universe. In the higher realms of finance and commerce, it became to some extent displaced by the slightly occult word, "trends," which was felt to be even more scientific, as being a cautious under-statement. Neither of these expressions escapes the risk of ribaldry, nowadays.

But the idea was clear enough. The world is an unpredictable place. Terrible things happen, but no-one is essentially to blame for them. On the whole the mathematics of chance and probability rule us, and if we appear to be losing on black, our only course is to put our money on red.

On this theory, wars, revolutions, depressions, business amalgamations, rationalisation and nationalisation, taxes and bureaucrats, are natural phenomena as inevitable as the flowers that bloom in the spring. An attitude of reverent agnosticism combined with disciplined acceptance is all we can adopt pending a codification of the "trends," which clearly require data compiled and card indexed over a long period of time.

It seems inseparable from the acceptance of this theory, however, that we school ourselves to agreement with the remark, "*Credo, quia impossibile.*" We must be able to believe that the Decline and Fall of the Roman Empire had no connection with monetary inflation; that Domesday Book did not interest William the Norman's Jewish advisers, or that the expulsion of the Jews and the suppression of the Knights Templars who became primarily bankers, had no bearing on the prosperity of England in the fourteenth, fifteenth and sixteenth centuries. We must be able to believe that the foundation of the Bank of England had no influence on the National Debt, and that the appointment of Mr. Montagu Norman as Life Governor was an accident to which his American connections and the visit of Lord Reading to Washington in 1917, made no contribution.

Clearly, it is much easier to hold this negative view of history if we are prevented from noticing that similar events frequently have similar causes. If we are told that the fall

of Rome was due to immorality or malaria, and that William the Conqueror thought of Domesday Book all by himself, that the Jews who accompanied him were "refugees from Christian intolerance" and that the Bank of England had an "American" Adviser from 1927 to 1931, if not before and after, because it wished to learn the latest methods of banking, our attention will not be so likely to be attracted to the idea that both the economic and political fortunes of mankind may be not so much at the mercy of inexorable natural law, as the outcome of manipulation by small groups of men who know exactly what they are doing.

This distinction is vital. Consider the events of the years between the European phase of the present war, beginning with the armistice of November, 1918, and the resumption of hostilities in 1939.

The first point to be observed is the crystallisation of policy along lines clearly recognisable as imposed by a determination to adhere to the conventional subservience of a debtor to a creditor and, with it, "employment" as the backbone of Government. While it is probably not true to say that the United States, in the ordinary acceptance of the term, was determined to use the highly artificial position created by the insistence on the assumption of all financial liability of the "victorious" belligerents by Great Britain, it is certain that German-Jewish bankers in America were fully aware that it was much more important to win the peace than to lose the war, and that this was the weapon with which victory could be achieved.

The War Debt due from Great Britain to the United States was \$4,368,000,000. Since it was stipulated that it was payable in gold it was equivalent to £897,534,246. Without traversing the endless arguments as to whether the, as usual, disproportionate losses in men and material, in a common war, on the part of Great Britain (America's losses in killed and wounded were 322,000; ours nearly three million) accompanied by fantastic taxation, were not a just ground for claiming that no debt was reasonably due, it is essential to understand that the benefit of the orders placed in America was immense to the Americans. Not one dollar, of course, paid for war material produced in Great Britain.

In 1922, Stanley Baldwin, an almost unknown politician, became Chancellor of the Exchequer. Montagu Collett Norman, from being a member of the firm of Brown, Shipley & Company, the London Branch of a powerful American financial group, was appointed Governor of the Bank of England, apparently for life. Previously, it had been customary for the Governor to be elected yearly from the more important merchant bankers of the City. Dr. Walter Stewart for a short while, and subsequently Dr. O. M. W. Sprague, both American banking economists; were installed from Washington, to "advise" him. Their advice coincided in

\*The extracts now being published in *The Social Crediter* from Major Douglas's forthcoming *The Brief for the Prosecution*, of which the present is the fourth, are published with a view to the existing situation, and not in the sequence or detail in which they will later appear.

time, with the greatest depression in history.

The first concern of Mr. Baldwin and Mr. Norman was to visit Washington for the purpose of establishing by agreement the terms which were to govern the service of the colossal debt. This visit was made in January, 1923, and in the party was Sir Otto Ernst Niemeyer. The terms agreed were onerous in the extreme (e.g. eight times as heavy as those imposed on Italy), but in fairness to the Americans it must be stated that they were apparently surprised that they were accepted. The debts owing by other belligerent nations were settled on much easier terms.

Mr. Balfour had previously stated officially that Great Britain would only ask from her allies such financial payments as would meet the demands of her own creditors, i.e., the United States. The result of this was to make the United States the only and very large financial beneficiary of the 1914-1918 phase of the war (see *Hansard*, December 15, 1930) and to leave all the other "victorious" combatants heavy losers. The question of the military loser, Germany, requires separate consideration.

It was stated in many quarters that the large payments which for a time were made to the U.S. Treasury in connection with the arrangements negotiated by Messrs. Baldwin & Norman were of little consequence. This rather confusing statement—confusing, that is, to the ordinary individual whose financial means, and consequent personal comfort, are subject to the more ordinary arithmetic of daily life, emanated from the Central Bankers who no doubt based their statements on the knowledge that they could adjust taxation so that the payments were concealed. In any case the absolute size of the payments was far from being the main issue, which was the control over British policy. This is not in doubt.

The control was exercised in two ways. In the first place, and for the first time in history, the New York discount rate became, and remained for nine years, one-half per cent. lower than the Bank of England discount rate—the "Bank Rate."

The effect of this was to secure for New York all the foreign financing which had previously been done in the City of London. The fact that the American public was sold large quantities of worthless bonds may have been poetic justice, yet did not conduce to good international relationships.

It is certain, moreover, that a direct political control of a coercive character was applied to British legislation. For the purposes of this preliminary survey it is only necessary to mention two instances, one in the realm of major foreign policy, and the second in domestic legislation.

At the moment, objective consideration of the Japanese is difficult. It would be absurd, however, to deny that the Anglo-Japanese Alliance was a major benefit to Great Britain in the 1914-1918 phase of the War. While Japan took little part in Europe (she did send destroyers to the Mediterranean, by request) she observed the letter of the Treaty scrupulously. The abrogation of it, and the Washington Naval Agreement limiting Japan to a position of naval inferiority, did two profound injuries to the British Empire. It was an unprovoked and rather ungracious blow to Japanese "face"—the most vulnerable aspect of Asiatic diplomacy. And it demonstrated to the whole of Asia, including India, that the important capital to placate was no longer London, but

Washington. Nothing could have made a new war more certain.

In the domestic sphere, the most easily apprehended instance of the general policy is the horse-power tax on motor vehicles. Here again, it is not so much the monetary aspect which is important, although it is quite possible that the restriction of high-powered cars to the very rich had a profoundly disruptive social effect, playing into the hands of the agitator concerned to suggest that the poor are poor because others are not so poor. Its main effect, and its object, was to throw open the British Empire to the high-powered American car and truck, and to deprive the British manufacturer of the experience which only a home market using a type of vehicle suitable elsewhere could provide. The midget car imposed on the British public was only suitable for perfect roads, short distances and careful usage, and its small market supported a high price and large fortunes for selected producers. There is little doubt that it was also intended to kill the development of the British aeroplane engine, and the aeroplane itself, but in those objectives only partial success was achieved.

In May, 1920, a policy of what can only be described as ruthless restriction of credit was inaugurated, both in Great Britain and the United States. No attempt of any description had been made to deal with the uncontrolled rise of prices, particularly of consumer's goods, and everywhere public discontent at genuine inflation, i.e., a temporary increase in money units in the hands of the public, accompanied by an equal or greater rise mainly permanent in prices, reached such proportions as to constitute a "buyers' strike." That this rise of prices was intentional and a form of hidden taxation, is certain.

Heavy taxation, calling in of banker's overdrafts and restriction of trade credits by large industrialists to their smaller trade clients, produced immediate results. Workers were discharged, unemployment rose steeply, reaching three millions in Great Britain, and ten millions in the United States, where the same policy, with, however, much lower taxation, was instituted. In Great Britain, the policy was pursued for a much longer period. Suicides doubled in Scotland and rose 67 per cent. over the rest of the Kingdom during the deflationary period of about nine years. Bankruptcies increased by 700 per cent. (See *The Monopoly of Credit*, graph p. 137).

In the United States, however, the policy was completely reversed in six months, and that country entered upon the greatest wave of industrial activity and material prosperity ever known in history, a wave which continued until October 1929.

One effect of this was to cause a drain of the highest-skilled manpower from this country to America. As an instance, one of the greatest difficulties in the Four Years War was a lack of "toolmakers," a technical term applied to the most skilful mechanics (almost the last to whom the term craftsmen can be applied). It is generally considered that a highly skilful toolmaker requires seven years' training. A large proportion of the toolmakers of this country emigrated during the restriction years, and most of them remained abroad.

It is certain that no nation in recorded history has receded so rapidly from a position of commanding influence

in world affairs to one of almost complete impotence, as did Great Britain in the fifteen years which followed the armistice. Many factors contributed to this result, but financial policy is easily pre-eminent.

In 1925, after six years of steadily decreasing prosperity, disillusionment, and economic and political frustration, Mr. Winston Churchill who had become a Conservative on the practical disappearance of the Liberal Party, Chancellor of the Exchequer, restored the Gold Basis of the Sterling Financial system, with modifications to ensure that the ordinary individual could not buy gold in less than the "standard bar," worth about £1,700. (See *The Monopoly of Credit*, Chap. 6.) In effect, he could not buy gold except at the will of the Bank "of England."

In 1926 Sir Alfred Mond, of whom much more hereafter, also forsook the Liberal, for the Conservative Party.

Mr. Churchill is probably the finest War Minister in history, and it is quite possible that, if we are to proceed from the assumption that this war was inevitable, the whole course of history has been changed for the better by his tenure of office. But it is evident that there is just as much historic continuity in the Whig love of "Dutch" Finance, and all those associated with it, in Mr. Churchill's peace time activities, as in the brilliant military mind which might be expected in a descendant of Marlborough.

More than any other one factor, this influence has dominated British policy in the vital armistice years. Mr. Lloyd George, the protégé of international Jewry, with his avowed intention to do anything to enable the pound sterling "to look the dollar in the face," i.e., to have a gold exchange value of £3 18s. 3d. per oz; Mr. Churchill's close association with financial Jews in England and America, and his restoration of the gold exchange standard in 1925 (for which he has since publicly apologised); Mr. Baldwin's ecstatic remark that the Bank Notes and Currency Act of 1928 had for ever prevented currency reformers from interfering with finance, are evidences, of which there are many more, that the tragedy of the wasted twenty years was not due to inability to pursue any policy, which is the common accusation brought against politicians of that era—it was a fixed instruction to pursue a policy, irrespective of consequences, which can be seen to have built up Germany and enfeebled the British Empire.

In these days of coalition Governments, control by "Planners" and other modern improvements, it is difficult to realise that Cavaliers and Roundheads, Whigs and Tories, were exponents of two philosophies. The Whigs were merchants, abstractionists, the dealers in intangibles.

It is not a coincidence that the Whigs, Quakers, and non-conformists, became bankers and collaborators with the Jews, both resident and continental. They were fundamentalists. The "Old Testament" was a record of the sayings and doings of an omnipotent if somewhat irrational Ruler, who spoke Elizabethan English and had a private staircase to Mount Sinai.

Consistency was not to be expected of Him. What we should now call masochism, the glorification of pain, was explained by the idea that discomfort in this life automatically ensured bliss in a future existence. Carried to its logical conclusion, as many of Cromwell's semi-animal barbarians were prepared to carry it, the most certain way to prepare a

general Heaven was to create a Hell upon earth.

This philosophy, as we shall see when we consider the case of Germany, runs through Lutherism, Calvinism and other Puritan movements straight into civil war and revolution. Always, it is the attack of the black-coated theorist on the pragmatist, the farmer, the sailor, the pioneer. At the root of it is a denial of personal initiative and judgment, and the substitution of a set of transcendental values incapable of and indeed almost resenting, any attempt at proof.

Once this conception is grasped, it is easy to see how indispensable it is to the supremacy of the financial system and those who control it. What appear to be failures of policy are really the greatest successes. As Mr. Montagu Norman remarked when mild expostulations on the obvious results of his government were brought to his attention, "I do not think it is good for people to be prosperous." About this date, Mr. Norman's salary was increased by several thousand pounds.

Under the influence of Whig mentality, words become reversed. A man who kills another is a murderer, and if he does it without passion, he is a cold-blooded murderer. But mass murder in cold blood, is glorious and is war. Stealing is a crime, but unnecessary taxation is statesmanship.

Many attempts have been made, in a society in which finance is dominant, to show that the Puritan strain in British history is a source of strength. It would be more true to say that it is an important factor in British development since the seventeenth century. How much of that development is tinsel, and how far it has departed from the natural genius of the English, Scottish and Welsh peoples may perhaps be easier to assess when we see the measure of its permanence.

### AUSTRALIAN MANPOWER ORDER VOID

It is reported from Sydney that on May 25 the State Full Court declared void all man-power orders directing people to work in canneries and factories or for any other specified private employer.

Chief Justice Jordon, delivering the court's unanimous decision, said: "The regulation as it stands, could, if valid, reduce Australians to a serfdom more abject than any obtaining in the Middle Ages. There is nothing in the Commonwealth Constitution which authorises their executive Government to impose on the people a status of villeinage."

Commenting on the judgment, Francis Forde, Acting Prime Minister, said: "So far as I know, this is the first time that any court in the British Empire has characterised necessary man-power organisations as imposing serfdom."

It is understood that the Government intends to appeal against the decision.

Chief Justice Jordon said: "The regulation, which in general terms empowered Government officials to direct persons to work for employers doing work conducive to defence, would afford ordinary citizens no means of knowing whether this direction was legitimate or a piece of gratuitous executive or bureaucratic despotism.

"An occasional Hampden might be found with courage and money enough to face the risks of imprisonment for an indefinite term, or a fine of any amount, and be able and willing to fight an instance of unlawful dictation, but the ordinary citizen would have no alternative but to submit to any order given to him."—Reuter.

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### SELF-EMPLOYMENT

The "B."B.C. brought Mr. Geoffrey Crowther to the microphone to comment on the Government's White Paper on employment. He began by sneering at the monetary reformers who thought they could secure "full employment" simply by some dextrous twist of finance. The reference is interesting. The planners are evidently aware of the source of their chief, if not their only danger; but dare not name it. If the economic broadcaster had mentioned Social Credit, he would have convicted himself of ignorance concerning the objective of Social Credit, which is not "full employment." He preferred to give an opportunity to anyone who did not know enough to refuse it to share his jeer at the advocates of "funny-money-stunts." The planners are not afraid of "funny-money-stunts." They are afraid of Social Credit. They know quite enough about Social Credit to favour any "funny-money-stunt" that's going—and they do favour it.

Without examining the text of the White Paper in detail, it is impossible to say how far its author shares Mr. Crowther's apprehensions; but, to judge from the newspaper accounts, the 'altogether exceptional' author of the Nation's salvation, whose discovery exercised the Prime Minister's mind so greatly, is not untouched. *The Times* does not mention him by name, but manages to wind up a lukewarm leader with the magic incantation "a new age." There are not wanting signs that the planners, sensitive to the chill of a public judgment unregistered by the National Thermometers, are looking about for a diversion. Perhaps the train which carries it is not on time. Be that as it may, there can be no doubt that, if the slightest opportunity were afforded to critical and informed agencies at the present moment, the planners would be sufficiently revealed to make life distinctly unpleasant for them. Enough of the recipe for the hell's broth which is now being written (whether it will ever be concocted or not) is now legible, for most people of cool judgment to read it.

According to Mr. Bevin, no country in the history of the world has mobilised its man and women power so completely as Great Britain has done in the present war period. This must be true. Over 70 per cent. of the total number of people between the ages of 14 and 65 are 'mobilised'—i.e. they are in paid employment or fighting (which is employment paid at a rate sufficiently low to prevent saving: the civilian can succumb to inducements to restore his income to the banking system, and so can be entrusted with more money). There are additional workers over 65. Last February P.E.P.

published a broadsheet on demobilisation, on the assumption that "there will be very little general unemployment for some years after the war." Why should there be? It is said that even the American machinery "lent" and standing in this country must, by agreement, be destroyed immediately on the cessation of hostilities, and as for consumer's goods, "there is hardly a family in the country which is not short, in some cases desperately short, of consumer's goods such as clothing, footwear, furniture, crockery, sheets, carpets." (P.E.P.) Millions of buildings have been neither replaced nor repaired, and in such circumstances the export trade is still the primary concern of many theorists.

According to P.E.P., conscription is to continue! and "allowing for medical rejects, there will be an annual intake of 300,000 men into the Services." They seem to know all about it.

When Mr. Churchill took over the Secretaryship of State for War in January, 1919, he said:—

"The study which I gave to the matter [demobilisation] in the five days which intervened between the acceptance and the assumption of my new office left me in no doubt upon the course to pursue. Mutinies and disorders had already taken place on both sides of the Channel. In particular a mutiny had occurred at Folkestone on January 3. Sir Eric Geddes had newly succeeded General Smuts in dealing with the restarting of industry. A few days before I entered the War Office the approaches to the building were blocked by lorry-loads of insubordinate Army Service Corps men who had seized these vehicles and driven them up to London. . . A wave of intense impatience and resentment accompanied by serious breaches of discipline spread across the splendid armies which had never faltered in the direct stress of war."

P.E.P. remembers that.

The Japanese war is to continue after the German war. It will need to. Difficult as the transition period may be (unless individual initiative is allowed, with freedom from financial interference, to work out its own salvation—many hands make light work!) the more distant scene is the more terrible, and it may be nearer than it seems through the 'haze of war.' The Minister's policy is to *maintain* "a high and stable level of employment."

A few days ago, another Minister shook his fist at the doctors. His scheme must go through. What have we come to when Ministers say to the electors "it is not what you say, but what I say"? The Minister was bluffing. But behind the bluff is the reason. Behind all the bluffing is the same reason, which is exposed as soon as one asks: what is your plan *for*? Employment? What for? Exports? What for? Is there much that is not just processed re-exports of raw material? And, if not, what do we import that stays here? Power? What for? When we are half way through these vast hydro-electric schemes, what's going to happen if someone finds a way of using atomic energy? You'd suppress him, perhaps? What for? Everybody is to be directed to everything. Well, who is the director, and what does he direct them for?

We do not want and the world certainly cannot stand 'full' employment, which is forced employment. We want self-employment, which is the beginning of the establishment of every man in his own rights.

T. J.

## The Doctrine of "Full Employment"

*The substance of an address broadcast in March by the Hon. E. C. MANNING, Premier of Alberta.*

Tonight I want to discuss a matter of National importance that is fraught with grave consequences for the people of Canada if they blindly accept it as the foundation on which to build their hopes of social and economic security after the war. I refer to the doctrine of full employment that is being preached in so many quarters today.

I do not think that there will be any disagreement about what is meant by the term "full employment." It simply means a job for everybody who can work, and the absence of unemployment among the employable section of the nation. The doctrine of full employment is endorsed without question by the majority simply because throughout the years their experience under our present system has imbued them with the idea that a job and a meal ticket are inseparably bound up together.

In fact under the present economic system there is no way in which a man can obtain an income other than by "earning a living" and by means of employment through which he receives a wage, a salary or a profit for his services.

Then again many take it for granted that it is necessary for everybody to be fully employed in order to produce abundantly and provide the means of ensuring economic security for all. Therefore, they argue, the thing for which we must aim is "full employment."

Now, ladies and gentlemen, neither of these contentions bears any relation to the facts of the situation which we shall have to face after this war.

In the first place "full employment" in the ordinary sense of the term is an absolute impossibility in peace time under our present financial system. In the second place employment as the sole means of distributing incomes is, in itself, a system of economic serfdom. And, finally, the idea that we can produce abundantly only if everybody is fully employed is a complete fallacy in this age of science and invention. I want to deal briefly with these three points not from any theoretical viewpoint but rather in the light of our actual experience.

The years of mass unemployment, "poverty amidst plenty" and restricted production which preceded this war, were, on the evidence of facts, due to and caused by a shortage of purchasing power. The facts of our experience have proved beyond any doubt the contention of Social Crediters for the past twenty-five years that the present financial system does not, and cannot, distribute sufficient purchasing power in peace time to enable the people to buy the goods they can produce.

This being the case, if our present money system is retained, when, after the war, we concentrate our productive resources on producing goods for public consumption, primary producers and manufacturers shortly will again find that they are unable to sell many of their products because the people will have insufficient purchasing power to buy them. As in pre-war years, they will be forced to curtail production. This will cause unemployment, which, in turn, will result in a further reduction of purchasing power. Consequently consumption will be restricted still further and unemployment will increase—and we shall enter upon a vicious spiral of

depression just as we have experienced in the past and will continue to experience as long as we foolishly permit the present money system to remain the one great bottleneck in our whole economy.

If Governments attempt to solve this problem merely by vast public works schemes for the purpose of creating work,—but without changing the monetary system—they are doomed to failure before they start. Under our present financial system governments have to obtain the money to finance works projects from taxes levied on the people or by borrowing newly created money from the banking corporations. To the extent that the government uses taxation, the purchasing power of the people generally will be reduced and the proceeds re-distributed to those engaged on the public works schemes, but the aggregate purchasing power of the people will not be increased by one red cent. To the extent that the government obtains newly created money by borrowing from the private banking institutions, the incomes paid out through public work schemes will be additional purchasing power. This will help to bridge the gap and enable the people, temporarily, to buy more of the national production.

But it is surely obvious that this does not solve the problem. It merely pushes it into the future, for government debt is merely deferred taxation. Under our present monetary system such debt carries interest charges in addition to provision for the repayment of the principle sum. Obviously a government can go on piling up debt only for a limited time. When the interest and redemption of principal exceeds the amount which can be borrowed to keep the system going, the whole financial and economic structure will come crashing down in ruins.

That is but one of the dangerous features of this erroneous idea that unemployment can be permanently eliminated by the State providing employment through vast public works schemes to be paid for with borrowed money.

Consider also this fact. If a man is faced with the alternative of destitution or having to work under conditions imposed upon him by a State authority, he, in effect, becomes a creature of the State. Such a condition carried to its logical conclusion leads to the Supreme State of totalitarianism.

Nazi-Germany is a horrible example of a country in which unemployment was eliminated in peace-time by a system of State employment. It was done by the simple process of making every citizen the slave of the State and by forcing him to do the bidding of State officials operating a vast scheme of planned production, public works and preparation for war. The outcome was to make the German people a nation of abject slaves to the lords of the Nazi party.

Now consider the second point I mentioned a few moments ago. If the primary purpose of work is to provide a meal ticket for the workman rather than to produce needed goods and services, then our system of work and wages becomes a means whereby the individual is forced to submit to the standard of life and working conditions imposed on him as a condition of being allowed to exist. In other words, if the average citizen is forced to accept the work, wages and conditions imposed upon him as an alternative to economic destitution, he is in reality a slave, however fervently he may sing, "O Canada, glorious and free."

My second point therefore is that work and wages as the

sole means of obtaining a meal ticket or the right to live is simply a system of economic mass slavery.

The third point I mentioned earlier was that it is a complete fallacy to imagine that optimum production necessarily means "full employment" as we know it. The outstanding feature of our modern power-driven industrial system is that it is an "unemployment-creating system." With each advance in technical knowledge and scientific discovery, newer and better methods are devised for using huge power-driven machines to replace manpower in the various processes of production. The following figures, given by the President of the U.S. Chamber of Commerce as long ago as 1926, are typical of Industry as a whole:

- 1 man, with 1 bottle-making machine, replaces 54 men.
- 1 girl, with 6 rib-cutting machines, replaces 25 girls.
- 2 men, with 1 coal conveyer, replaces 50 men.
- 1 man, with 1 window-glass machine, replaces 20 men.
- 1 man, with 1 cigarette-wrapping machine, replaces 100 men.

Under the stimulus of war tremendous progress has been made in improving power-driven production methods. In fact here, in Canada, we have more than doubled our pre-war production with the cream of man-power in the fighting forces. It is just fantastic nonsense to imagine that after the war industry and commerce can begin to provide "full employment" for the nation.

What then is the answer to this problem? I suggest that there is a very simple answer—if we only approach the matter from a common-sense point of view.

### The Real Objectives

We must keep clearly in mind the real objectives we wish to achieve—namely the maximum personal security and the maximum personal freedom for all. This means that we must produce all the goods and services people want up to the limit of our productive resources, and distribute these equitably and in a manner which will ensure full economic security and the greatest freedom for all. If we use improved methods and vast power-driven machines to replace manpower in the fields of production and distribution, we will have provided all the physical requisites for economic security for all while at the same time leaving men and women free to follow those pursuits which make for the greatest possible measure of human happiness, culture and development.

This goal can be attained only if we make it possible for all to share in the benefits of mechanised production. Only thus can the shifting of the burden of toil from the backs of men to machines be made a blessing and not a curse. In other words if 100 men are displaced by machines and then are left to face destitution because they have no income with which to buy the products of the machines that displaced them, they are worse off than before. On the other hand if they were provided with purchasing power by the State, sufficient to enable them to buy the products of the machines that displaced them, then the machines would be to them a blessing instead of a curse. Surely when we are able to produce an abundance of goods to assure a high standard of living for all, it is not beyond our ability to re-arrange the distribution of our National income in such a way as to ensure an adequate supply of purchasing power to each and every one of our people.

The Social Credit proposals are designed to accomplish this objective and to do so without any violent dislocation of our national life:

First, by providing adequate money or credit to enable primary producers, manufacturers and distributors to produce all the goods required by the people.

Second, by supplementing the national income to ensure that the people will always have sufficient purchasing power to buy all the goods available for their use. And:

Third, by distributing this additional purchasing power through a system of national dividends which will supplement wages and salaries and ensure economic security and independence to all. This will enable the people themselves to control their wages, working conditions, economic policy and all the other essential features of their economic life.

## Points from Parliament

*House of Commons: May 19, 1944*

### MILK AND DAIRIES BILL

[*Mr. Turton (Thirsk and Malton)* moved an Amendment "that the House declines to give a Second Reading to a measure that deprives local authorities of their existing responsibilities and centralises these responsibilities in the Minister of Agriculture, who has not the staff with which to discharge them" and that legislation should be postponed until after consideration by a Royal Commission. *Mr. Colegate (Wrekin)* seconded the Amendment.]

*Mr. Colegate (The Wrekin)*: ... The question raised here is one of great principle, and I must confess that I was very much disappointed with the speech of my right hon. Friend the Minister of Agriculture. I have great admiration for him, for he has done some wonderful work, but the relatively insignificant reasons which he gave in putting forward this Measure, which makes so serious an attack upon the functions of local government, really surprised me very much. This question of local government is extremely important and is arousing very great feeling throughout the country, particularly among that very large body of devoted men and women who give a large amount of unpaid service upon local authorities year after year. I challenge anyone to deny that we are unquestionably producing in the minds of those men and women a feeling that their work is not appreciated, that their importance is about to be diminished. In Bill after Bill we see their functions frittered away. That is a very serious state of affairs. . .

I do not think the House ought lightly to disregard the practically unanimous feeling among local government authorities that these functions should remain with them. What were the reasons given by the Minister? We were told there had been changes since 1926. Of course there have been changes, there have been changes in every part of our public life. There has been a great deal of change in some of the opinions of Members of this House since 1926, but that is no reason for abolishing Parliament.

The Minister also mentioned the importance of improving the quality of our milk, with which we all agree, and then went on to say that responsibility for the health of the people engaged in milking was still to remain with the Minister of Health. . .

It was also said that great consuming centres like the City of London had, under existing arrangements, no control over the actual places where the milk was produced. That is perfectly true, but it is true also of all foods. London is not going to control every area from which it draws its food or even its population. The people who work in the offices and the vegetables and other foods which they eat at the luncheon places to which they go, all are drawn from outside the London area—some from China, as an hon. Member remarks. That is no reason for this proposed transfer of functions. If it were we should have to hand over the inspection of food in far-distant parts of the world to the City of London. Of course, that makes nonsense of the whole argument. The question of efficiency was also raised. There are good local authorities and there are bad local authorities, just as there are good Government Departments and also some very bad ones. It may easily happen that at a given time there may be a weak Minister of Agriculture and extremely progressive local authorities, and are we then to reverse this process which it is suggested we should introduce in the Bill? Of course not.

Either we want local government or we do not. If we want local government, which I regard as one of the most wonderful instruments we have built up in this country, we must not give way every time we notice a little inefficiency but, instead, take measures to find out what are the causes of that inefficiency and to remove them. When we find enthusiastic men and women in the country harnessing themselves to local governments we should encourage them and make them realise the importance of the functions they carry out. In that way we shall raise the whole standard of efficiency in local government and at the same time relieve the congestion at the centre of which we so often hear from the Government. As my hon. Friend the Member for Hemsworth (Mr. G. Griffiths) remarks we do not want to increase congestion in the bottle-neck at the centres. In many matters we ought to consider how we can devolve further functions upon local authorities, so allowing a freer hand at the centre. This really is a bad Bill. I am sorry to say it, because I have immense admiration for the Minister of Agriculture, but here he is taking a thoroughly reactionary step, a step which smacks a little, though I do not want to make too much of the point, of totalitarianism, of getting everything into Whitehall. That would be a pity; but far more serious is the effect that we are producing upon local authorities and the men and women who serve on them. . .

*Rear-Admiral Beamish (Lewes)*: . . . The man on the spot is the man who has created this country, and, incidentally, to use rather high-flown language, it is the man on the spot who has produced the British Empire, and do not let us get away from that. To limit the powers of the men on the spot, the local authorities, is to take away their pride and prevent them from doing something to help the country.

On the question of very deep principle I oppose the Bill. I oppose it because too much centralisation will lead us on the road to servitude. We have had plenty of examples, and I ask the Minister and the Government to pause before they go on with this type of legislation. A great and respected journal has said that when authority presents itself in the guise of organisation, it develops germs fascinating enough to convert communities of free people into totalitarian States. Speaking for a number of my hon. and right hon. Friends

I think they will agree from the depths of their hearts that the warning that I am trying very inadequately to give is a very proper warning. The time has not come when the rigid enforcement of an alleged ideal is sound policy, and this Bill is unsound policy.

[The Amendment was later withdrawn. On the Question being put, "That the Bill be now read a Second time" the House divided and 13 members voted against it, 116 for it.]

*House of Commons: May 23, 1944*

### SCHOOL TEACHERS (EMERGENCY TRAINING SCHEME)

*Sir E. Graham-Little* asked the President of the Board of Education what is to be the status of the 70,000 recruits whom he proposes to employ as teachers after one year's training and without having passed any examination; whether they will rank as certificated or uncertificated teachers; whether they will be subjected to the Burnham scales of remuneration and in what class; at what date does he propose to introduce them to the schools and whether at once or at graded intervals in batches.

*Mr. Butler*: I assume that the hon. Member is referring to the proposed emergency scheme for the training of men and women on release from the Forces and from other forms of National Service. It is not possible at this stage to give any estimate of the number who will be trained under this scheme or to indicate the dates at which they will enter the schools, as these will depend on the number of suitable applicants and the dates at which they are released from war service. The status of these teachers will be equivalent to that now described by the term "Certificated Teacher." Their salaries will fall for consideration by the Burnham Committee.

*House of Commons: May 24, 1944.*

### CIVIL ESTIMATES, 1944: FOREIGN AFFAIRS

*The Prime Minister (Mr. Churchill)*: . . . I have repeatedly said that unconditional surrender gives the enemy no rights but relieves us from no duties. Justice will have to be done and retribution will fall upon the wicked and the cruel. The miscreants who set out to subjugate first Europe and then the world must be punished, and so must their agents who, in so many countries, have perpetrated horrible crimes, and who must be brought back to face the judgment of the population, very likely in the very scenes of their atrocities. There is no question of Germany enjoying any guarantee that she will not undergo territorial changes if it should seem that the making of such changes renders more secure and more lasting the peace of Europe.

Scarred and armed with experience we intend to take better measures this time than could ever previously have been conceived in order to prevent a renewal in the lifetime of our children or our grandchildren at least, of the horrible destruction of human values which has marked the last and the present world wars. We intend to set up a world order and organisation, equipped with all the necessary attributes of power, in order to prevent the breaking out of future wars, or the long planning of them in advance, by restless and ambitious nations. For this purpose there must be a World

Council, a controlling council, comprising the greatest States which emerge victorious from this war, who will be obligated to keep in being a certain minimum standard of armaments for the purpose of preserving peace. There must also be a world assembly of all Powers, whose relation to the world Executive, or controlling power, for the purpose of maintaining peace I am in no position to define. . .

The shape of these bodies, and their relations to each other can only be settled after the formidable foes we are now facing have been beaten down and reduced to complete submission. It would be presumption for any one Power to prescribe in detail exactly what solution will be found. . .

I shall not even attempt to parade the many questions of difficulty which will arise and which are present in our minds. . . The future towards which we are marching, across bloody fields and frightful manifestations of destruction, must surely be based upon the broad and simple virtues and upon the nobility of mankind. It must be based upon a reign of law which upholds the principles of justice and fair play and which protects the weak against the strong if the weak have justice on their side. There must be an end to predatory exploitation and nationalistic ambitions.

This does not mean that nations should not be entitled to rejoice in their traditions and achievements, but they will not be allowed, by armed force, to gratify appetites of aggrandisement at the expense of other countries merely because they are smaller or weaker or less well prepared, and measures will be taken to have ample Armies, Fleets and Air Forces available to prevent anything like that coming about. We must undoubtedly in our world structure embody a great part of all that was gained to the world by the structure and formation of the League of Nations. But we must arm our world organisation and make sure that, within the limits assigned to it, it has overwhelming military power. We must remember that we shall be hard put to it to gain our living, to repair the devastation that has been wrought and to give back that wider and more comfortable life which is so deeply desired. We must strive to preserve the reasonable rights and liberties of the individual. We must respect the rights and opinions of others, while holding firmly to our own faith and convictions.

There must be room in this new great structure of the world for the happiness and prosperity of all and in the end it must be capable of bringing happiness and prosperity even to the guilty and vanquished nations. There must be room within the great world organisation for organisms like the British Empire and Commonwealth, as we now call it, and I trust that there will be room also for the fraternal association of the British Commonwealth and the United States. We are bound by our 20 years Treaty with Russia, and besides this—

I, for my part, hope to deserve to be called a good European—to try to raise the glorious Continent of Europe, the parent of so many powerful States, from its present miserable condition as a kind of volcano of strife and tumult to its old glory of a family of nations and a vital expression of Christendom. I am sure these great entities which I have mentioned—the British Empire, the conception of a Europe truly united, the fraternal associations with the United States—will in no way disturb the general purposes of the world organisation. In fact, they may help powerfully to make it run.

## FROM WEEK TO WEEK

Our copy of the "Threepenny Worker" informs us that Mr. MacKenzie King was enthusiastically greeted by several Members of the C.C.F. Party on his return to Ottawa.

Well, they belong to the same cartel, anyway.

"Let us beware of this whispering campaign [against the Jews]. Regulation 18B, a very valuable institution, can put the leaders in their proper place, but. . . the Jews look to the Christian Church now in a way they did not before." — REVEREND C. A. SMITH, at the Church of Scotland General Assembly, Edinburgh, May 24.

Me Klistian, allee same like Master.

Mr. Walter Nash, who just happened to be in Saskatoon, Canada, when the C.C.F. just happened to have exactly the same ideas of a programme that the New Zealand Labour Party just happened to hear of from Professor Harold Laski of the London School of Economics, has just written a book, which he has had published in America. We just happened to hear of it because it is mentioned with approval in *Common Sense* an American publication of viciously anti-British intent, which we read for comic relief.

Mr. Nash is now back in Washington, we understand. But the London School of Economics would no doubt know definitely.

The issue of *Common Sense* which gives favourable notice to Mr. Nash carries the names of five contributors on its cover—four Jews with German-sounding names, and a Bengali, the latter, it is perhaps needless to say, appealing, by implication, against British mismanagement. (One of the reasons which would reconcile the rest of India to the disappearance of the British is that the North-West could then resume the looting of the Bengali and Bengal, which was only interrupted by the British Raj.)

Like Gaul, the paper can be easily seen to be divided, as to its policy, into three parts. The first is to harm the British in prestige and to embarrass them in Allied relationships. The second is to direct attention from the cause and causers of war to the suppression of war *via* the "World State." And the third, which runs through its editorials as well as its articles, is "Don't let's be beastly to the Germans." There ought to be instruction for our Foreign Office in all this.

"... we should have tried to disunite Germany on regional, not on class, lines; but that is exactly what our unwelcome German guests have opposed with so much success."—LORD VANSITTART, May 28, 1944.

"... there is, unfortunately, more and more reason to believe that one more characteristic example of the way the country is governed by private advance agreements will soon be found in the acceptance by the Trade Unions of the Essential Works Order after the war. The Ministry of Labour want to retain the power to direct. It is now being justified not for the sake of maximum war-time production, but as the alternative to what is called chaos; and if it is accepted on that argument there is neither reason nor likelihood why it should ever disappear from English life."

—The Tablet, May 20, 1944.