

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

Vol. 12. No. 18.

Registered at G.P.O. as a Newspaper
Postage (home and abroad) 1d.

SATURDAY, JULY 8, 1944.

6d. Weekly.

The Brief for the Prosecution

By C. H. DOUGLAS

CHAPTER IX*

M. Clemenceau, "the Tiger," is said to have remarked "Some essential virtue has gone out of the British." That is possibly, but not certainly, true. "Britain," and the inhabitants of the British Isles, are by no means identical. It may be noticed that when the consequences of our strange peace-time policies bring about a major catastrophe, the shadowy influences which have produced it hand over the situation to some extent to the native-bred, whose efforts are still heroic, if unnecessarily costly.

At the outbreak of war in 1939 a paean of joy ran through the American Press, and the denizens of the various international Socialist and World Planning bodies, such as the Fabian Society, P.E.P., and the Royal Institute of International Affairs, were happy in the assumption that whoever lost the war, they had already won it. Orders-in-Council, restrictions, registrations, and bureaucrats (those belonging to the organisations just mentioned moving quietly into the second-best seats) appeared with the air of a stage army which had been kept waiting a little too long in the wings.

Mr. Anthony Eden, fresh from a revivifying trip to Washington announced that "it seems that our New Order must be built through war. But it will be built, just the same." The haste to declare our real war aims was perhaps almost indecent.

Although apparently anachronistic, the convenient time at which to consider the furious attack on Mr. Neville Chamberlain and his policy of "appeasement" is in connection with its apparent failure, and to provide it with the correct background it is necessary to survey a field not very obviously that of foreign policy.

The Chamberlain family, of sound British stock and stable middle class history, rose to considerable but not outstanding wealth largely through their connection with the Birmingham firm of Guest, Keen & Nettlefold, the early manufacturers of the wood screw known as "self-driving," i.e., not requiring a hole to be bored for it. Later, amongst other interests, they acquired control of the small joint-stock bank, the Birmingham & Midland, which, by amalgamation and expansion became the largest Joint Stock Bank in the world, the present Midland Bank. Even here

their influence is probably more sentimental than financial.

Prior to 1914-1918 the Chairman of the Bank, Sir Edward Holden, was known to hold very "advanced" views on the actual nature of the business carried on by banks, and its bearing on national policy. The common idea that a bank is merely a custodian of its clients' money, which it re-lends at interest to safe borrowers, was not taken seriously by him, although it is incorrect to attribute to Sir Edward the enunciation of the explosive theorem that "Banks create the means of payment out of nothing" (*Encyclopaedia Britannica*) which was explicitly stated by H. D. Macleod in his *Theory and Practice of Banking*, at least twenty-five years earlier.

But the history of the Midland Bank during the Armistice years is marked by several features unique to it amongst the "Big Five" banks to whom the numerous smaller banks had in the main been affiliated. The first of these was the series of Annual Addresses by Sir Edward Holden's successor, Mr. Reginald McKenna, a politician rather than a banker, of which perhaps the most significant was that containing the famous statement, "The amount of money in circulation varies only with the policy of the banks. . . . Every loan creates a deposit, and the repayment of a loan destroys a deposit. . . . the purchase of a security by a bank creates a deposit, the sale of a security. . . . destroys a deposit." It is unlikely that these Addresses were actually written by Mr. McKenna himself, and some grounds exist for the belief that he did not understand them, but there is little doubt that they were part of a considered and immensely important policy operating through the Bank as an organisation. The Bank "of England" was not amused. The Gold interests with Sir Henry Strakosch and the *Economist* were not amused. The Chosen Race were annoyed.

All the large banks expanded physically at the temporary cessation of hostilities, partly to absorb in real estate, and conceal by writing down, the fantastic profits they had made by War Finance. But the Midland took a highly individualistic line even in this. It opened branches bringing its total number up to approximately two thousand, but only in Great Britain and Northern Ireland. All the other banks expanded abroad also.

A decorous disapproval of Bank "of England" policy, and of Mr. Montagu Norman, was fairly evident, the "chequelet" incident to popularise small cheque payments being a case in point.

But the profits made by the banks were probably the least important aspect of their 1914-1918 activities. The immense production necessitated by the war had rendered it inevitable that manufacturing concerns must borrow on an unprecedented scale, and the influence of Sir Edward Holden's views on the methods adopted is beyond dispute.

*The extracts now being published in *The Social Crediter* from Major Douglas's forthcoming *The Brief for the Prosecution*, of which the first appeared on May 13, 1944, are published with a view to the existing situation, and not in the sequence or detail in which they will appear later.

As a consequence, all the banks, but particularly the Midland, had come into a control of industry far beyond anything previously existing, just as their creation of the means of payment out of nothing was unique in its magnificence. The situation which must have been clear to the Board of the Bank was precisely that which the big German D Banks, to which the "Big Five" English Joint Stock Banks had been brought to correspond, had achieved before the war under the direction of Ballin, Rathenau and others. Industries were merely departments of banking Government, controlled by debt. So far as the "Big Industry" was concerned, this control was practically complete. There remained the elimination of small business, which, as it transpired, was surprisingly difficult.

It is difficult to dissociate the position and influence of Neville Chamberlain from the importance and outlook of the Midland Bank. He had the tidy, narrow, bureaucratic mind of the dealer in figures, together with the imaginative deficiency of the English middle-class. He was scrupulously honest, and his standard of political honour was far above that to which post-war British politics had fallen. He was a genuine patriot, and it is highly probable that he was so disgusted with the pseudo-democracy which was leading clearly to disaster, that he fell easily into the trap which opened invitingly before him.

The war had demonstrated that raw materials, and particularly nitrogenous chemicals were the key to victory. Reginald McKenna, who had succeeded Sir Edward Holden as Chairman of the Midland Bank on the latter's death, attempted to bring about a merger between British Dye-stuffs and Nobel's Explosives. He failed, for some reason which does not transpire, the project re-appeared under the leadership of Sir Alfred Mond in an enlarged form, the Midland Bank appeared to become more orthodox, and Mr. McKenna became a Director of Imperial Chemical Industries; and Sir Harry McGowan (Lord McGowan) of I.C.I., and Lord Ashfield of the Socialistic London Passenger Transport Board, and a Director of I.C.I., became Directors of The Midland Bank, a very bushy tail on an admittedly large 'dog.' This was in 1926 and subsequent events can only be understood in the light of these arrangements, in particular the interlocking of the Midland Bank with the largest American Bank.

It should be remembered that when in 1931 Neville Chamberlain displaced Philip (Viscount) Snowden, who regarded the Bank "of England" as the greatest moral force in the world, as Chancellor of the Exchequer, the country was bled white by the contractionist policies of the internationalists. Chamberlain at once set in motion the mechanism of credit expansion by abrogating the Gold Exchange Standard which made the grip of the Bank of England nearly absolute. Stanley Baldwin was Prime Minister and remained Prime Minister until May, 1937. A Napoleon, a Bismark and a Pitt, all rolled in one could not have repaired the mischief of Baldwin's tragic fifteen years of power, in the two years of peace which remained. Had it not been for the quiet English gentleman who succeeded him, those two years would have been cut in half, and the *Luftwaffe* would have been over London without so much as two squadrons of effective fighter opposition from the R.A.F.

It is difficult to write patiently of the stream of abuse directed at the Munich policy. The scurrilous attacks of the

American press are understandable. The collectivist New Deal was already a failure. The German-speaking Jew control in Washington was even stronger than in the time of President Wilson. No-one outside a few technical experts believed that the United States could be harmed even by a fully victorious Hitler, and a large body of commercial opinion was already mobilised around the slogan "We can do business with Hitler." The prospect of another war in which America would keep out and again rise to fantastic prosperity on a war boom was too alluring to be relinquished. The situation is explained with engaging candour by Mr. A. D. H. Smith, in his biography of Colonel House, President Wilson's adviser: "It may not be to our credit, idealistically, but the fact is we used the European democracies and their Allies for our purposes; they did not use us, except incidentally. And if Mr. House were alive today, (1943) he would say that is exactly what the United States has been doing since Britain (*sic*) and France declared war on Germany in 1939." (*Mr House of Texas*, p. 172.)

But the spate of synthetic bilge regarding our unpreparedness which was poured out from domestic quarters which had done everything possible to encourage Germany and to hinder re-armament in this country is only explicable on the assumption that a well-known technique of the Communist Party was in operation—to accuse your opponents of what you have done, or intend to do, yourself. Not a single word of this abuse was directed to the Money Power, the Press or the B.B.C. It must be remembered that the internationalist policy was interlocked with such institutions as the League of Nations, the International Labour Office and the Bank of International Settlements, inaugurated with the assistance and blessing of Viscount Snowden. The same group of noisy Socialist journalists, most of them deriving such ideas as they possessed from alien sources, who shouted "Down with the Men of Munich," had worked and talked against re-armament and extolled collective security, while demanding intervention in favour of Abyssinia and Communist Spain. Their assumption of the right to a moral attitude for which they were not prepared either to work or fight is perhaps the only palliation of Mr. Stanley Baldwin's foreign policy, or the lack of it.

But there can be no doubt that the internal economic system of Great Britain underwent a radical change for the worse in 1931—that, without the spectacular incidents which marked the inauguration of the "New Deal," a carefully prepared system of controls running parallel to it was imposed, specifically designed to accelerate monopoly. The complete story of the forces brought to bear will probably never be told; the formation of the great cartels and the financial control of British industry during the American boom in the interests of American investors were certainly preparatory; but in that year Britain, no longer great, adopted the beginnings of a new theory of life completely alien to her genius—the conception of the country as a single factory having many departments, the head office and control-room being the Bank "of England." The London School of Economics, endowed by the German-speaking Jew Sir Ernest Cassel, and largely staffed by Socialist aliens, "to train the bureaucracy" (much of it temporarily in "private" employ) "of the coming Socialist State," had come into its own. How much of the responsibility for Dunkirk rests on this hastily imposed bureaucracy will never be known.

It must be insisted that the tragic history of the armistice

years was neither adventitious nor inescapable. It is quite true that the number of individuals who are capable of estimating the consequences of an economic policy is not large. But the moulders of socialist-cartelist policy knew exactly where they were going, and they were going in the same direction in every country. The objective was a rigid, comprehensive military-industrial framework in which the individual would disappear except as a tool of high policy. It was the complete antithesis of everything the Englishman had built upon the foundation of Magna Charta and Habeas Corpus, and it led us straight to the beaches of Dunkirk and the arrest and imprisonment of nearly seventeen hundred persons without trial and without the formulation of a charge, under Regulation 18B.

The history of the last few years of peace will probably not be told, if at all, for many years. It is obvious that, even if the re-organisation policy to which Chamberlain had obviously committed himself had been intrinsically sound, which is highly debateable, it offered the perfect opportunity to hamper the re-armament. Re-armament was hampered; and it is certain that such success as was achieved was the result of cutting adrift to a considerable extent from the advisers who surrounded Baldwin, and that Chamberlain's unpopularity had far more to do with that than with any reasonable grounds for criticism, under circumstances for which he was not responsible, of the successful efforts which delayed the resumption of military war.

The bureaucratic state, however, demanded war for its final enthronement, and not only war, but a long war. It must be observed that the productivity of the modern power-tool system had brought out into strong relief the effect of the monopoly of money by the banks, and the abnormal consumption of war was needed to force back into the factories the balance of the populations not engaged in mutual destruction, so that "Plans" might be matured to keep them there. It is hoped that the memory of the ordinary citizen, doped with Hollywood films, monopoly broadcasting and defective education, will be short enough to permit the contradiction between the "poverty amidst plenty" of the 1930's and the "full employment" aspirations of the bureaucratic state in the immediate post-war years, to escape notice.

It is the fashion to ascribe political mistakes to ineptitude rather than to moral turpitude. To a considerable extent this is justifiable in regard to the ordinary individual. For instance, nothing could be at once more tragic and more widespread than the idea that Socialism and "Planning," is the legitimate inheritor of political and economic liberalism.

But the history of the past twenty-five years renders it quite impossible to accept this view so far as the higher direction of events is concerned. There is evidence, conclusive both in volume and character, that the international-collectivist-financiers and their Trades Union Allies not only knew that the economic and political crises of 1920-1936 were primarily monetary in origin, but they also recognised in such events as the election of the Social Credit Government of Alberta that the time was limited in which they must acquire a new form of control to replace that which had previously been exercised through the monopoly of credit. Only war could provide the conditions and the time. The writing was—and is—on the wall.

Alberta provides perhaps the most decisive evidence of

conscious intention, by reason of the Disallowance of all the Legislative Assembly's measures to implement a system of adequate purchasing-power. The drastic and unusual course adopted does not seem capable of any explanation other than that the international money-power knew that they must be successful if tried, and dare not permit them to be tried. Even against continuous opposition from the Federal Government at Ottawa, and much disadvantageous and unfair discrimination, the Province of Alberta has been uniquely prosperous under an Administration actuated wherever possible by the general principles grouped under the term Social Credit.

The importance of this matter is greater than might perhaps appear at first sight. There are very few individuals outside the ranks of political vested interests who do not regard the trend of events with concern or apprehension. But the idea has been skilfully injected that we are merely witnessing an inevitable consequence of modern technology, and if, as someone has phrased it, you cannot take your telephone out however much you dislike it, we must resign ourselves to the loss of our "individual freedoms" in the interests of a "higher freedom."

If this were so, it would be unnecessary to cook the accounts, pervert the evidence and confuse the issues. The world (*i.e.*, the individuals in it) is *not* yearning for full employment by *centralised organisations*. On the contrary, a larger number of persons than ever before want *self-employment*. But they want purchasing-power.

It is *not* true that the larger an organisation is, the more "efficient" it is, even if the efficiency of organisations were the prime, sane, objective of life, which it is not.

The greater efficiency of large-scale production "finds scant support in any evidence that is now at hand." (*Final Report, Temporary National Economic Committee, U.S.A.*, Senate Document No. 21, 1940, p. 314.) "It should be noted, moreover, that monopoly is frequently the product of factors other than the lower costs of greater size... where they exist... It is attained through collusive agreement and promoted by public policies." (*Ibid*, Monograph 21, 1940, p. 21)

Since *financial* results are what is aimed at in business, it is obvious that the conditions of financing small and large business, may, and frequently do, make more difference to the profit and loss account, than low costs.

For instance, bulk buying may enable low prices to be paid for raw material, but this has no connection with the actual amount of labour put into the winning of the raw material. Bulk buying may be, and often is, actually and realistically inefficient; but the low unit price paid produces an illusion of low genuine cost.

Within limits, the whole aspect of a balance sheet can be altered by allocating to various accounts charges which in other conditions would swell the cost of production and expose waste. No commercial accountant would certify the accounts of the Post Office in the form in which they are submitted.

It may be objected that many of the facts to which reference has just been made have been elicited by "National" Committees, Royal Commissions, and similar bodies. This is true, but it will be noticed by anyone who will take

(Continued on page eight)

THE SOCIAL CREDITER

This journal expresses and supports the policy of the Social Credit Secretariat, which is a non-party, non-class organisation neither connected with nor supporting any political party, Social Credit or otherwise.

SUBSCRIPTION RATES: *Home and abroad, post free:*
 One year 30/-; Six months 15/-; Three months 7s. 6d.
 Offices: (Editorial and Business) 49, PRINCE ALFRED ROAD,
 LIVERPOOL, 15, Telephone: Wavertree 435.

Vol. 12. No. 8.

Saturday, July 8, 1944.

The Evolution of the Dragon

In November, 1928, Sir Herbert Williams (so he says) "made then the speech which in part I am reproducing to-day" (June 23, 1944). "I was a junior Minister, and for some reason I was to have a chance." Well, he had it. And now he has insisted on having it over again, *The Times* devotes twenty lines to it, although the Official Report occupies, with interruptions, nine and a half columns. It (in the present edition at least) is made peculiar by some slighting references to a book by "two gentlemen named Douglas and Drage" called *Credit Power and Democracy*, which Sir Herbert is under the impression he read long ago and found to be "100 per cent. wrong." Mr. Quintin Hogg followed, likening Sir Herbert to a pilotless aircraft. "The blast and noise are terrific, but inasmuch as he is entirely mistaken as to his direction, he goes off in unexpected places, and at the wrong time," words which we note without necessarily attaching any special meaning to them.

The most convincing proof that Major Douglas is right in regard to both the economic and the political sides of Social Credit is the *necessary* assent by every fresh mind which gives full attention to what he says. The strongest *cowoboration* lies in the immense pains taken (1) To limit circulation of his books and articles to a minimum, (2) To misattribute such of his ideas as become current so that reference to their origin is prevented, or to effect some compromising attachment, (3) To misrepresent. The lie is the only answer, such as it is, to the truth. The Bolshevik avowal "Social Credit is the only thing we have to fear" is confirmation of the fact that in nothing else lies even the germ of a correct social order. The knowledge that that is so is the reason for the progress we are making. That we are advancing at all is a miracle. It is also a call for increased effort, correctly and economically applied, and not, by any means, for complacency.

The chapter of *The Brief for the Prosecution* which is published with this issue of *The Social Crediter* opens with a remark by M. Clemenceau: "Some essential virtue has gone out of the British." If, having examined his stock, any reader finds himself still in possession of that virtue without knowing what he can profitably do with it, we shall be glad to tell him.

T. J.

GERMAN GOLD FOR LISBON

According to the "B." B.C., 1 p.m., July 3, "millions of pounds worth have arrived there over the week-end."

FROM WEEK TO WEEK

Lord Latham, the Labour Leader of the L.C.C., says the White Paper on Land is a capitulation to the Carlton Club. This is intolerable. You'd almost think these land-owners had some rights. If this pampering goes on, we shall have them striking in war-time, next.

"The limitations and failures of any age, like its successes, are in no small part conditioned by what we have been taught to call its 'climate of opinion'—those underlying assumptions or pre-suppositions, for the most part uncritically accepted, which so largely shape the thought and conduct of men." —PROFESSOR CARL BECKER in *What We Didn't Know Hurt Us a Lot* in the *Yale Review*.

Present "climate of opinion," lunar.

Harper's Magazine for April cites 20 "authoritative statements," taken at random, from books on Russia, including the Webbs, *The Truth about Soviet Russia*, which are factually incorrect.

In February last, with no obviously useful objective to be served, Mr. Mackenzie King, the Canadian Prime Minister, did his best to arouse alarm and despondency by hinting that a catastrophe on the Italian beachhead was imminent. He was, as usual, wrong.

So far as we can gather, Mr. King has never been right in any major statement he has made, and he has been particularly wrong in his barely concealed opinion that the other Dominions would follow him in preferring Washington to Westminster.

The white-haired boy of *The Times*, the C.C.F., has won a considerable party victory in Saskatchewan by rather remarkable methods. *The Times* has referred to it alternatively as "Labour" and "Socialist" but not as Mond-Turnerist. But the idea was too useful to discard, so Socialism has been preached in the towns, and Capitalism on the prairies. We look forward to some sparkling debates in the new Legislature.

"Litotes, M.P." concerning a speech of Mr. Bevin's in Parliament, "of great length, obvious sincerity and massive egotism," reports:—

"This was the question they put to me as I went through their ranks: 'Ernie, when we have done this job for you are we going back to the dole?'" —*Other Members*: "Ernie?" —"For you?" —*Mr. Bevin*: "Yes it was put like that because they knew me personally: they were members of my own union."

"Dr. Frigon, acting general manager of the Canadian Broadcasting Corporation, has had to do a lot of wiggling lately. The Corporation drew up a lot of rules, apparently designed to give free time to the three reactionary parties and exclude the Social Credit Association. The Social Credit Association of Canada has been inconsiderate enough to meet these rules, and now the worthy gentleman just doesn't know what to do about it. Maybe they'll make out a fresh set of rules." — N. B. JAMES in *Today and Tomorrow*, April 20.

Cartel Proposes to Adulterate Commercial Plastics

The following report is abridged from an article which appeared in THE JOURNAL OF THE AMERICAN DENTAL ASSOCIATION.

A proposal by two large manufacturers for the adulteration of commercial methyl methacrylate resins to prevent their application to dental uses was revealed by Wendell Berge, Assistant Attorney General of the United States, in a statement given on October 15 before the Sub-committee on War Mobilisation of the Senate Committee on Military Affairs. The sub-committee is investigating monopolies, cartels and restrictive agreements as they relate to the war effort.

In discussing the manner in which cartels restrict the fullest development of new products, Mr. Berge cited the example of methyl methacrylate resin, a plastic much used in the construction of dentures. This plastic, he said, as a result of monopoly control, was sold to commercial users for "85 cents a pound, while the price to dental users was \$45 a pound." Because there was no difference between the two products and because of the tremendous spread in cost, the commercial product was often used for dental purposes. In order to prevent such "bootlegging," Mr. Berge revealed, the Vernon-Benshoff Company, New York, suggested in a letter to Rohm & Haas Co., Philadelphia, that the commercial product be adulterated by "a millionth of 1 per cent of arsenic or lead" to prevent its use for dental purposes.

Excerpts from Mr. Berge's statement follow:

EFFECTS OF MONOPOLY: . . . One of the most difficult problems we have encountered in arming this country has been the domination and restriction of technology by small privileged groups. It has required strenuous efforts on the part of government and industry alike to overcome the stifling effects of complacent monopoly.

With rare exceptions industrial research at the present time can only be carried on by large numbers of scientists and technicians combining their ingenuity to resolve the complex problems of both pure and applied science. In the last fifty years technology has moved at such a rapid pace that no longer is the small business man in a position to maintain laboratories of sufficient size. To-day we witness the gigantic research organisations of all major corporations, and no one desires to impair their efficiency.

There is, nevertheless, a gap between the promise of organised research conducted on a huge scale by great corporations and the fulfilment as measured by accomplishments for the public interest. . . It is not the fault of the scientists and research workers that their contributions have not been fully realised. The trouble is that in many instances the misuse of research by monopolistic and cartelised groups has resulted in the restricting of production, withholding new products and fencing in and blocking off new developments.

ABUSE OF RESEARCH: It may be stated almost as a law of their nature that cartels restrict the fullest development of new products, and that they attempt to place rigid handicaps on output. Very often they even adulterate the quality of products in order to exact the greatest possible toll from the public.

Several examples may be used to indicate the practices

and mental attitudes of monopoly groups in relation to the quality of material.

Although the following plan may not have been placed in actual effect, we can gain some insight into the shocking extremes to which monopolists will even consider going. Methyl methacrylate is the name of one of the best known plastics. It is used not only in the industrial field to make airplane windshielding and many other structural materials, but it also has excellent qualities for the making of dental plates or dentures. As a result of the monopoly control of this material by the Du-Pont Company and Rohm & Haas of Philadelphia, its uses were divided into two fields: industrial and dental. At the time these firms were indicted a sharp difference in price was maintained. When methyl methacrylate was sold for industrial purposes, it cost 85 cents a pound, while the price to dental users was \$45 a pound. The dental profession soon learned that there was no difference in the material, whether it was designed for industrial or dental use. As a result they began to purchase their requirements from industrial users, in order to gain the advantage of the cheaper industrial price, which, we could assume, might possibly be passed on to the dental patient.

The monopoly group considered this a form of bootlegging. The Vernon-Benshoff Company, a member of the monopoly clique, made a suggestion in a letter dated March 15, 1940, which I quote below:

"Our discussion of the Pure Food and Drug law and pulling the acrylic denture under it leads me to wonder if the manufacturers of the commercial molding powders might not add an ingredient which would not effect (*sic*) molding properties, but which would disqualify it under the act. Apparently a slight trace would suffice. Naturally it would be omitted from the strictly denture powder.

"Recently I asked Dr. Johnson to suggest an addition which might interfere with the distillation of monomer or retard polymerisation. He could not think of anything that wouldn't spoil the molding properties or clarity of the powders. But there the quantity needed to accomplish the result was the handicap.

"Under the very finicky regulations of the above act, however, it may be the slightest trace of the right agent, too little to constitute harm to molding (or health either as a matter of fact) would suffice to have the bootleg products in bad.

"A millionth of 1 per cent of arsenic or lead might cause them to confiscate every bottle unit in the country. There ought to be a trace of something that would make them rear up."

The Rohm & Haas Company said in the reply that they were in agreement with the general principles presented in the letter of the Vernon-Benshoff Company, and that they would turn their research department to work on the matter. This is expressed in a letter of March 21, 1940, to the Vernon-Benshoff Company:

"With reference to your letter of March 15, we shall be glad to investigate whether denture materials come under the Pure Food and Drug Act. We agree with you that if we could put some ingredient in our commercial molding material which would disqualify it under the Pure Food and Drug Act, this would be a very fine method of controlling the bootleg situation. We shall take this matter up with our development department and advise you whether any such material could be used."

EMPLOYMENT POLICY

House of Commons: June 22, 1944.

Mr. Maxton (Glasgow, Bridgeton): . . . There are wars and wars. The one in which we are at present engaged went through a period when it was described as a "phoney" war. It was never, as a military war, so "phoney" as this White Paper indicates that the war on unemployment is going to be.

I am glad to see that the right hon. Gentleman the Minister of Labour has come in, because he has played a large part in the building-up of the Labour movement, both on the political and on the industrial side, and, also, he has played a big part in the Government of the day. I would like him to tell me for which of the ingredients of this hodge-podge he was responsible. He will perhaps not remember this, but, about 1927 or 1928, two amiable gentlemen, who either were or had been Members of this House, Sir Alfred Mond and Sir Ben Turner, thought that it was terrible that the two sides in industry should always be fighting each other, and that if they could only get together, and work harmoniously, everything would be all right. The right hon. Gentleman remembers the Mond-Turner scheme. This is Mond-Turnerism in 1944. There is not a single concrete thing in it for the working class, and no real serious recognition of the problem as it is now. They put in the forefront the necessity to capture the export markets. One thing in this White Paper with which I agree is the suggestion that we should get better statistics in future, because this House of Commons has been starved for real, genuine, honest statistics about the whole business, about wealth and poverty, about employment and unemployment, about the movement of industry and things of that description. I hope that this promise of better information will be kept.

I remember Mr. Baldwin as he then was declaring some years ago, that our export trade called for 20 per cent. of the total of our industrial production. I do not know how that figure stands now—I mean, how it stood in 1938 or 1939, before the war started. There is a figure here, giving the number of workers employed in the export side of the national industry as 1,750,000, and that would indicate that it is not very far away from that 20 per cent. It is all wrong to approach our economic problems on the basis of what is going to be needed for that 20 per cent., instead of approaching it from the point of view of the other 80 per cent. You have 45,000,000 people at your own door, a very large proportion of them unsatisfied consumers, who are consuming 80 per cent. of all your production, and you do not need to decide the whole level of your industrial processes and standards of living, on the basis of the 20 per cent. of problematical customers across the seas.

Mr. Spearman (Scarborough): Would the hon. Gentleman agree that we want our export trade, in order to get the materials for the people at home?

Mr. Maxton: I wonder. I did not mean to speak at any length, particularly on this aspect of the matter, but it is a subject of interesting rumination to me. I could write a pamphlet meandering along on this topic, which would compare very well with the White Paper, but it would be just meanderings, because I could not reach conclusions. But, as I saw this problem of export trade before the war, we were bribing, financing customers across the sea

to take our goods. Is not that true? We were trying to sell ships, machinery, or textiles in some parts of the world. Customers were found, and they said, "Yes, we should like to have a big railway development, or motor transport development or electricity development, running into millions; but we have not got the money." It may have been in the Argentine, or in Uruguay, or somewhere else. We would say, "Do not bother about the money; give us the order, and we will lend you the money." That was the ordinary process of foreign trade. Indeed, it found a place in our Governmental procedure. Our export credits and trade facilities schemes were definite devices to provide our customers with the money to buy our goods. They were importers. The hon. Gentleman puts it up to me that we must send out in order to bring in. . . . After the war, as before the war, the other nations will want to export. They are all on this same game of wanting to export, and there will be no difficulty about us getting all the imports we want. . . .

I say "Do not start at the export end at all; indeed, do not start at the end of trying to find employment for our people. Start on the assumption, the general Socialist assumption, and it is the only assumption that can be defended ethically and philosophically, that everybody in the world has a duty to take a share in the work of the world, and that applies to Chinamen, Indians, Germans, Russians, Italians and everybody else." Everybody taking a share in the necessary work of the world everybody has a right to a full share of the wealth that his labour produces, and it is to see, now, that the persons concerned get their full share of the wealth that is produced that is the major problem, rather than the problem of seeing that everybody takes a full share in the work of the world.

The hon. Member for East Newcastle-upon-Tyne (Sir R. Aske) talked about shipyards. I have put this point before, and I repeat it now. The world's ship-building capacity to-day—this is my own assertion, and this is a subject which I have studied and followed, and on which I have watched statistics for a great number of years—is sufficient to build, in one year, a mercantile marine of as great a tonnage as the whole mercantile marine of the whole world of pre-war days. One year can produce the 65,000,000 tons of shipping. Assume that you start from scratch at the end of the war, and that the whole of the world's shipping has to be replaced, which will be far from being a true statement of the case, there is only one year's work in shipbuilding for the shipbuilding capacity of the world. What do the shipbuilders of the world do, when, in one year, they put on the seas sufficient ships to keep the world going for 25 years, at a moderate estimate? Suppose we have all the ships we need for 25 years produced in one year? What do the shipbuilders, the steel workers behind them, the miners behind them, the local shopkeepers in the localities and the food and clothing producers, do for the other 24 years while waiting for the ships to go down? It is a sufficiently startling example.

Here is a little cutting, all to pieces, which I have shown a hundred times to my friends, whom I asked what they thought of it and what they thought about the significance of it:

"Speaking in Vancouver, Sir Robert Fairey, director-general of the British Aircraft Commission"—

presumably, again, a responsible citizen, and, presumably with knowledge of aircraft matters. Saying that Britain had set up records for plane production, he added:

"Britain could turn out enough planes in three days to last all the world's commercial air lines for five years."

Where is our aircraft industry on that basis? Even supposing that we are so successful in making our productions cheap and efficient, and our commodities superior to all others in the world, and supposing we capture the whole of the markets available, the whole of that market is only enough to give the aircraft producers, and the other producers who stand behind them, three days' work in five years. This tremendously increased capacity for producing goods can be paralleled in every branch of industry where machine power plays a primary part.

Mr. Loftus: We should rejoice at that.

Mr. Maxton: I would rejoice in it. It would be to me a matter for great congratulation, because I believe in leisure and that the problem that we have to confront to-day is the fair and equitable distribution of leisure, but we are very far from looking at it in that way, certainly in this House. I want to say one or two words about some of the financial aspects. . .

. . . The hon. Gentleman says that it [The National Debt] is due to ourselves. I would not mind that if it were absolutely and literally true, but it is not literally true. It is, £20,000,000,000 of debt due mainly to some of ourselves: If it were that we—the 45,000,000 of population—owed ourselves £20,000,000,000 and paid ourselves interest on it, or that we were all shifting our shillings from this pocket—the producer's pocket, where we put our pay—to that pocket, if it were merely a question of transferring the money from this pocket to that, I do not see that there would be much in it.

Mr. Magnay: It means taking 10s. in the £ and transferring it to Income Tax.

Mr. Maxton: It seems to be a silly thing to pay yourselves 10s. in interest. . . I should like it to be explained to me how £20,000,000,000 of National Debt, and hundreds of millions or more debt hanging round our local authorities, which was always the bane of Chancellors of the Exchequer in pre-war days, has now become a great and beneficent thing. That means to say that a very large proportion of the producers of this country are going to have, as a first charge upon their production, the payment of huge sums of unearned interest to a small section of the community. In spite of all the National War Savings campaigns, "Salute the Soldier" and Spitfire Week and one thing and another, a very large proportion of that £20,000,000,000 of debt is owned by a relatively small group of individuals. The hon. Gentleman opposite shakes his head—

Sir Geoffrey Ellis (Sheffield, Eccleshall): The hon. Member must not take it only in small terms but must remember the aggregations which belong to the people, the great mass of insurance premiums and that sort of thing, and the great charity ownerships throughout the whole of the land. He has put the case, from one point of view, quite fairly, but he must not leave these considerations out of account.

Mr. Maxton: I am not leaving them out of account at all. I am insured with the Prudential Insurance Company.

I am paying twopence a week for £20 with which to bury me when I die. The hon. Gentleman is trying to tell me that it is my twopence a week that is really going into the National Debt. That is true, but the economic power is the Prudential Insurance Company.

Sir G. Ellis: No, the economic power rests in the hands of industry, to which the Prudential has lent money.

Mr. Maxton: . . . My twopence, the hon. Member tells me, in the Prudential Insurance Company, is not controlled by the Prudential Insurance Company but by the India Rubber Tyre Company in the West of Scotland which they finance. I shall tell my constituents in Bridgeton that they are not to worry about property, because, with their twopence a week, they are maintaining motor car factories throughout the country. But I am still not satisfied that the £20,000,000,000 of National Debt, even allowing for the big blocks held by the big corporations, is equitably distributed throughout the whole body politic.

Sir G. Ellis: That is another story.

Mr. Maxton: I shall tell them that the majority of the workers will be producing wealth to pay the interest to non-producers, and they themselves, when their trivial compulsory savings and their few pounds in War Savings certificates have gone, will have no share in the interest payments. Capitalism has now got to such a stage in its development, so completely messed up and involved, that it cannot keep itself going. It still talks in terms of private enterprise, but what a terrible misnomer. The other week I was paying a debt to my tobacconist, somewhat overdue, and rather terrifying and shameful in its magnitude—I mean shameful in the sense that I was spending so much on a mere personal luxury or vice. It happened to be just the day when the Chancellor of the Exchequer made the statement that, out of every 2s. 4d. paid for 20 cigarettes, he took 1s. 7d. I have my cigarettes sent to me by a decent tobacconist in Glasgow, a great defender of private enterprise, a capital chap and a really nice fellow. I said to myself, "Here is old so-and-so collecting a pound off me—private enterprise—and he has to hand 15s. of that to the Chancellor of the Exchequer and keep 5s. for himself." But you may say, "But he does not do that. The cigarettes he hands to me, he gets from the Imperial Tobacco Co., and they are going to take a very big whack out of that 5s. Then there is the landlord who owns the property in which the shop is situated, and he is going to take another whack; and there is the Glasgow Corporation, who impose the rates on him, and they are going to take a whack." And there is this great champion of private enterprise working for the Chancellor, the Imperial Tobacco Co., the landlord, and the Glasgow Corporation,—and he talks about the independence of the common man.

Mr. Magnay: What about the hon. Member?

Mr. Maxton: I am the only fellow who gets anything of value out of it. For the right hon. Gentleman to align himself with the task of trying to maintain a system that is so ludicrous as that is really wasting the time of the whole working class movement. And remember, the right hon. Gentleman is not their Ernest Bevin. He is like the Prudential. He is there, the representative of millions of people, he is their organised power on that Bench, and to come out with this White Paper seems to me to be a poor result. . .

THE BRIEF FOR THE PROSECUTION

(Continued from page 3)

the trouble to read the literature of the Fabian Society or P.E.P. in the realm of industry, or the Royal Institute of International Affairs ("Chatham House") in Foreign Affairs, that such findings are never quoted, and the impression conveyed is always that of the inevitability, as well as desirability of larger units.

A further and equally important indication of what can only be described as conscious turpitude is contained in the arguments adduced in relation to a "managed," as distinguished from an "automatic" money system. The old, orthodox Gold Coinage Standard money system, in which a bank was compelled to pay call deposits in gold if required, pretended to be, although it was not, an "automatic" system. It was contended that politics could not enter into it. Price levels and the "balance of trade" automatically produced certain movements of gold, which acted in the manner of a steam-engine governor and kept trade upon a prescribed rate of revolution. It was not true, and if it had been it would still have been a bad system, since the quantity of gold in existence neither varied in any ratio to the possibilities of production nor the necessities of consumption.

But there were two assumptions in the theory as presented to the general public. The first was that it was in the nature of the universe that money should govern production and consumption. The amazing skill with which this idea was inculcated, so that the statement that "The nation cannot afford it, there is no money for it," was accepted as reasonable, should be remembered in connection with many "axioms" presented for our consumption.

But the second, that the money is and should be, non-political, was an outstanding instance of the tribute which vice pays to virtue. It will be necessary to treat this principle with some attention at a later stage of the argument. It is sufficient for the moment to indicate that it is entirely and openly abandoned, not only in the "managed money" system in operation since 1931 in Great Britain, but in practically all the proposals for monetary reform other than those associated with Social Credit. And "managed money" is simply Planning from the top—i.e., the Bank "of England."

(Copyright) (All rights reserved)

The *Liverpool Evening Express* of June 29, 1944, reported:

"Thirty-two members of wealthy business families in Hungary, mainly Jewish industrialists, have arrived in Lisbon this week, travelling in German civil aircraft, and hope to go to America. A huge financial and material deal with German interests made it possible for them to leave Hungary.

"Among those who have arrived are Choren and Weiss, reputed to be the richest men in Hungary, who have a virtual monopoly of the country's heavy steel and munitions industries. They were arrested on March 19 and taken to Vienna, but after intercession by the Hungarian Government they were released and returned to Budapest. There, without the knowledge of the Hungarian Government, they made an important deal with a German financial group, and were consequently permitted to leave Hungary with their families—but each family has had to leave a hostage behind to guarantee their discretion abroad.

"A special train took them from Hungary to Stuttgart,

where three special aeroplanes awaited them. They were allowed to bring out cash, jewels and gold, which have been deposited with the Portuguese Customs authorities. The first group arrived here on Sunday and the last group yesterday."

Recent Publications

PROGRAMME FOR THE THIRD WORLD WAR

By C. H. DOUGLAS.....2/-

THE PROBLEM OF THE MEDICAL PROFESSION

By B. W. M.....1/-

BRITISH MEDICINE AND ALIEN PLANS

By ANDREW RUGG-GUNN, M.B., F.R.C.S.....1/-

BOOKS TO READ

By C. H. Douglas:—

Economic Democracy.....	(edition exhausted)
Social Credit.....	3/6
The Monopoly of Credit.....	(reprinting)
Credit Power and Democracy.....	(edition exhausted)
Warning Democracy.....	(edition exhausted)
The Big Idea.....	2/6
The "Land for the (Chosen) People" Racket.....	2/-
The Tragedy of Human Effort.....	7d.
The Policy of a Philosophy.....	7d.
Reconstruction.....	6d.
The Use of Money.....	6d.
Social Credit Principles.....	1½d.

ALSO

The Bankers of London by Percy Arnold.....	4/6
Aberhart: Manning.....	9d.
Southampton Chamber of Commerce: Report of Economic Crisis Committee.....	9d.
The Planners and Bureaucracy by Elizabeth Edwards.....	8d.
Hitler's Policy is a Jewish Policy by Borge Jensen and P. R. Masson.....	6d.
Democratic Victory or the Slave State? by L. D. Byrne.....	4d.
How Alberta is Fighting Finance.....	4d.
The Dangers Inherent in the Proposed Schemes for International Money Units by R. Gaudin...4d. ea.; 3/6 doz.	
The Beveridge Plot.....	3d.
Large versus Small Scale Electrical Production: The Grid by W. A. Barratt.....	3d.
Lectures and Studies Section: Syllabus.....	3d.
The Voters' Policy as applied to the Beveridge Report (Bristol Voters' Policy Association leaflet).....	2d.
World Review; The Jeffrey Professor of Political Economy, Etc., (containing Financing of a Long- Term Production Cycle, reprinted from <i>The Social Crediter</i> of November 28, 1942.).....	1d.
Cross-section of Bristol discusses Work (Bristol Voters' Policy Association leaflet).....	1d.
The Representative's Job.....	1d.

(Please allow for postage when remitting).

From K.R.P. PUBLICATIONS LIMITED

49, PRINCE ALFRED ROAD, LIVERPOOL, 15.