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FOR POLITICAL AND ECONOMIC REALISM

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From Week to Week

Not nearly enough attention is directed to the significance of the rôle of the lower middle class both in Germany and Japan, in contrast to the skilful attribution of responsibility for war to the Junker and landowner class in both countries. Lothrop Stoddard has commented on this feature of Hitler's regime; but almost everyone who knows just enough about Japan to know that the Army is practically omnipotent would go on to say "and of course, the Army is officered and controlled by the hereditary military caste, the Samurai."

In point of fact, the Japanese Army is one of the most "democratic" institutions in the world, and is overwhelmingly officered from the sons of what can be described as tenant-allotment farmers. The German Army of the National Socialists, whose record for inhumanity and barbarism far exceeds anything recorded of the Imperial German Army, which *was* mainly a Junker-controlled Army, is approximately "classless" in the Japanese sense.

The explanation of this situation is really quite simple. It is not, of course, that a particular class (really a stage of development) has a monopoly of cruelty and barbarism—far from it. But we believe it to be incontestable that what is indicated by "the lower middle class" is more susceptible to propaganda, and less resistant to the influence of environment, than any other. The string-pullers are aware of it. It is far from accidental that Mr. Ernest Bevin issues "directives" to Labour, and Mr. Herbert Morrison administered Regulation 18B.

Even the Olympians nod, and the general level of *The Nineteenth Century and After*, in its attenuated war-time form, has been so high that an occasional lapse may be inevitable.

An article in the current (May) number, by Mr. Paul E. Roberts, entitled "Two Prevalent Fallacies" is so naive, however, that we are honestly surprised that it passed the Editor's Chair. Mr. Roberts, in his turn, is "surprised to find an economist of the calibre of Sir William Beveridge" not adverse to a great internal National Debt "because it merely implies a redistribution of wealth from one part of the community to another." This surprise, it is perhaps unnecessary to state, we do not share. We are quite clear who gets the "wealth" and who loses it, as, no doubt, is Sir William.

But Mr. Roberts, in the modern manner, is primarily concerned, not that someone loses something, but that someone gets something. "Every increase in the debt increases the number of *rentiers*... and it is not a healthy feature in the economic state to have an excessive number of *rentiers*." We should regard these statements as exactly one hundred

per cent. nonsense quite apart from mere conflict with appeals to "Lend to defend, etc." Probably ninety *per cent.* of the increase in the National Debt goes to Banks and Insurance Companies, and *concentrates*, not distributes, it. Most of the rest is taken up by businesses and individuals who previously held securities of the same nature. Or to put it another way, what Mr. Roberts says happens, doesn't happen, and what he says is not healthy, would be most desirable if it did happen. If we had had what he calls an "excessive" number of *rentiers* (which is probably a far smaller number than we should consider desirable) there would have been no depression in 1929, and quite probably, no war.

A little further on, Mr. Roberts informs us that if we didn't subscribe to the National Debt "we" should invest our money elsewhere, "and the rate of *interest*" (not dividends) "is normally higher in productive enterprise than in the funds, but it will now come... from commerce and industry, which increase the wealth and amenities of the world and *employ and reward labour*" (emphasis in original).

Laugh that one off, Clarence.

If the article in question had been written thirty years ago, it would still have been a bad article, but it would have had a microscopic appeal. In these days of Bretton Woods, it is nearly inexcusable.

There can be few people with any intelligent outlook upon events who remain unaware of the real nature of the crisis in which the whole world is involved. As the Vicomte de Poncins remarked in his valuable book, *The Secret Powers behind Revolution*, there is a greater artificiality behind revolution than is generally believed. The extraordinary thoroughness of the Staff Work which became evident on the outbreak of war, is proof, if any further were needed, that so far from having to deal with the spontaneous revolt of the underprivileged against intolerable conditions, we are confronted with a scheme constructed by ice-cool brains, and financed with unlimited money. We have never understood the curious career of the late Mr. E. F. Wise, a permanent official holding a controlling position in the 1918 War, and afterwards London Head of Arcos, the Soviet Co-operative.

But that the spectacular development of the Co-operative Wholesale Society, and its unlimited financing since 1939, together with the imprudent remarks of some of its officials that they intended to ruin the private trader, are not unconnected with those events seems highly probable. And there is still due an explanation of the withdrawal of the Foreign Office White Paper on Bolshevism, in 1918.

Associated Press on April 5 (from London) distributed to Canadian Newspapers:—

"What happens after those five or seven years depends

on the peace the big boys are preparing for us now."

Mr. Baruch's interview was given to A. Victor Lasky, *Stars and Stripes* staff writer. As originally prepared for publication it quoted Mr. Baruch as saying at this point:

"And one reason I am over here is to hold the big stick over the big boys to make damn sure they're not going to foul up the peace."

After Lasky's version of the story had been put into type and an abstract had been transmitted by the Associated Press to the United States, Mr. Baruch's secretary asked that it be withheld from publication. However, after deletion of the two foregoing paragraphs, it was published by *Stars and Stripes*.

Lasky said that during the interview, in Mr. Baruch's suite in the Claridge, the telephone rang and Baruch's secretary told him the prime minister was calling.

"Hello, Winston, this is Bernie," Mr. Baruch said into the phone, according to Lasky. "Look, Winston, I'm busy this afternoon. I'll drop over later." Lasky's account of this incident also was deleted from the final version carried by *Stars and Stripes*.

The Theory of The State

"... The State is not the ultimate society, nor must state and society be confused. The important units are the persons who compose a community, and all Institutions have as their purpose the realisation of an idea for the benefit of the human persons who are their members. The State is, in fact, a means and not an end. It is one of the means of realising the advantages of community among men within the framework of the human Institution, and its purpose is to be the vehicle and to provide the means by which the fullest benefits of community, in the temporal order, may be shared by all. A Charter of Human Rights is widely called for at the present time." — from *The State, The Individual and World Order*, by Andrew Beck, A.A. in *The Tablet*.

New South Wales

The Douglas Social Credit Association of New South Wales held its annual meeting on April 26, when Mr. John M. Macara was re-elected President. Miss K. Marlow was elected honorary Secretary, and Mr. W. H. Hand Publicity Officer. Following a resolution of loyalty to H.M. the King, a resolution was passed reaffirming the intention of the Association to follow the advice of Major C. H. Douglas. A message of greeting was sent to the Hon. E. C. Manning and his colleagues in Alberta.

Why 20 per cent?

"Why 20 per cent?"—

"Well why not?"—

"Oh! I see!"

18B.

Here's freedom to him that wad read,
Here's freedom to him that wad write;
There's nane ever feared that the truth should be heard
BUT THEM THAT THE TRUTH WAD INDICT.

— ROBERT BURNS.

PARLIAMENT

House of Commons: April 24, 1945.

WAYS AND MEANS: BUDGET PROPOSALS

Sir Robert Tasker (Holborn): References made by the Chancellor of the Exchequer are very similar to those made by so many previous Chancellors; they intimate that taxation must be provided in order to supply Revenue. It was disappointing that the Chancellor did not take the occasion to rectify injustices and to restore to the people of this country some of the liberties which they hitherto enjoyed. If there is one characteristic of this country, it is the love of liberty. Every Budget must of necessity curtail some of those liberties. We have relinquished so many because of our determination to see this war through that apparently the powers that be have assumed that we are never going to regain any of our liberties and freedom.

This Budget only lightly touched upon one thing which to my mind is most important—the recovery of export trade in order to meet some of our liabilities. . .

There was one statement made by the Chancellor of the Exchequer which worried me very much. He said that revenue from Estate Duties, due to contributions from very small estates, had greatly increased, and he gave the figure of £10,888,000. But that should not be a subject for congratulation. Those who have had the misfortune to be trustees have realised from various orders and regulations issued by the Treasury why these figures have so greatly increased. They know that it is due to regulations of which the House of Commons knows nothing but for which the House of Commons ought to be responsible. It has permitted the Treasury to assume entire control. . .

If you say: "This is an injustice and I will not pay," the Inland Revenue will prosecute you and you will be taken to the High Court. That is termed the remedy. It is a purely theoretical remedy in practice. The whole of the estate could be squandered in law costs. Your remedy, to contest the Inland Revenue in the Divisional Court, is visionary. The Inland Revenue will go to the Court of Appeal, if they lose there, they will go to the House of Lords.

In answer to one of my Questions asking how many cases have been contested in the House of Lords, I was told 17 over a given period, in nine of which the Inland Revenue have been successful. Since then there has been another case, making 18 actions, of which the Inland Revenue lost nine and were successful in nine, so that it is fifty-fifty basis. What man would attempt to do his business on such lines where, out of 18 actions, he won only one-half? This system and method is wrong. The system is indefensible. In my view the theory that there is redress is worthless, because in practice there is none. So it is with regret that I look at this Paper to find that another £10,888,000 has been extracted mostly from small estates. . . Our taxation ought to be directed towards assisting those who desire to assist themselves—I mean the man who, by his energy, his industry, his ability succeeds in making good. My right hon. Friend the Member for Wakefield (Mr. Greenwood) stated a very great truth when he said the volume of human output should equal income. So it should, but this Budget is doing nothing to encourage energy, ability and industry, nothing at all. This Finance Bill does

(Continued on page 6)

What Democracy is Not

... It is a fact that human beings do tend to form nations. Why? The answer is, I think, quite simple. Human beings associate together originally in order that each individual may benefit by association. The simplest example is pulling on a rope.

Men don't pull on a rope for the benefit of the rope; they provide the rope for the benefit their associated effort brings to each of them.

Now there is definitely a form of Government which is associated with this conception—genuine Democracy. No one takes seriously the verbiage prevalent about the struggle between Democratic and Totalitarian Governments—there are no Democratic Governments.

But there might be.

Perhaps I might be permitted to touch on a few of the things that Democracy is not.

While it is inconsistent with arbitrary special privilege, economic or otherwise, it does not mean equalitarianism. It would be just as sensible to say, without amplification, that everyone had a right to a place in the Eleven.

So they have, if they have the qualifications, and it is recognised that the number of places is by general consent limited.

Neither does democracy mean a referendum or an election on every detail of day-to-day national management. On the contrary, a realistic conception of democracy insists that a community is sovereign, but it is not technical.

It has a right to demand results but not to dictate methods, the word "right" being used in the pragmatic sense.

But if the results desired are not being obtained, it has a right to an explanation and, if necessary, the replacement of its administrators.

So far as Great Britain is concerned, I am inclined to think that the divergence from Democracy is not difficult to indicate. Easily the most glaring feature is our money and credit system, which is indefensible. The information it affords us is illusory, and no security is possible until it is drastically modified.

The Parliamentary System has been perverted to purposes for which it was not intended, and all real power has been taken from it by the Cabinet.

Finally, our legal system has been exalted to a semi-divine omnipotence, and invested with sanctions which make it a Master and not a Servant.

Obviously it would take much too long to examine each of these aspects of our decadence at length.

I do not believe that any of them will really be put right until there is a much wider consciousness of the natural relationship between the individual and his institutions.

If that can be obtained, and not until it is obtained, we shall dispense with a type of statesman who, in spite of Abraham Lincoln's warning, still hopefully tries to fool all the people some of the time and some of the people all the time, and, instead, obtain men who recognise that the advice, "If any would be greatest among you let him be your servant," was not sentimentalism, but a brilliant maxim of social and political organisation.

— C. H. Douglas: *Persons and Nations*, 1938.

Social Credit and Social 'Problems'

The following letter has been sent to a correspondent who had asked for references to literature, written from a Social Credit standpoint, on (1) The criteria of Progress (2) The present structure of Society (3) Marriage and sex (4) The falling birth-rate and (5) Health and disease and Medicine:—

May 14, 1945.

Dear Sir,

I am interested in the questions you have put... I see that you have been recommended to read *The Great God Waste* and *You and the State Doctor*. The latter is, within its field, a correct presentation of Social Credit ideas; the former is not; it is a partially correct analysis of some of the reasons for the evils of present society. The writer was dominated by technocratic and collectivist ideas. He did not understand Social Credit. (By the bye he is not living.)

Every one is, of course, fully entitled to frame his demands for enlightenment in his own way, though, doubtless, he should be willing to recognise that if he should not ask the appropriate questions the difficulty with which he may meet in prosecuting his search is more subjective than objective.

Within certain limits I should compare the Doctrine of Social Credit in its present state of development with, let me say, the Doctrine of Universal Gravitation rather than with any scheme for application in human society, for example the Institution of Parliamentary Government. To the extent that the domain of human purpose is on a higher plane than that of mechanical laws, the comparison belittles rather than magnifies the philosophical importance of Social Credit. No one would deny, I should think, that the Doctrine of Universal Gravitation concerns, in one way or another, the criteria of progress, the present structure of Society, human mating, the birth rate and problems of health and disease with, or without, special reference to any Country, and so as indubitably does the Institution of Parliamentary Government. But if one should analyse the consequences ensuing from these two ideas one would find this difference:—that in one case one is studying the operation of a natural law and in the other case the operation of arbitrary rules with, perhaps, little reference in reality and in truth to any generally valid conception (the opposite is, I know, only too frequently presumed). So I would say that while Social Credit ideas profoundly concern all the five matters you mention, they do so explicitly to a far greater extent in regard to your questions 1 and 2 than in regard to your other headings.

For this reason, and since Major Douglas's views concerning the criteria of progress and the present structure of Society form an unbroken thread through all that he has written, I should, if I may, strongly recommend you to embark upon a slow patient study of his books, not all of which are easily obtainable, but access to those which are not easily obtainable might be arranged if you will write to me further.

Yours, etc.,
FOR THE SOCIAL CREDIT SECRETARIAT.

Fines for alleged infringement of food rules have been ordered to be repaid in 30 cases at Blackpool.

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.

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Saturday, May 19, 1945.

Until The World Is Clean

The world is, we firmly believe, heartily sick of deceivers—which is not to say that it may not die of what it is sick of. It does not want to die, and has, we believe, despite the forbidding prospect of its immediate future, often been nearer despondency than at present. When the Prime Minister spoke last Sunday night, he did so, it seemed, with a distinct awareness that there were many who hung upon his words, persuaded to an unwonted care by their apprehensions as well as their desires.

It was the quietest address we remember Mr. Churchill to have made, fair, factual and unbrilliant in style and delivery, which nevertheless contained some of the gravest 'asides' (if so they were) for which there was no oratorical necessity, and which remained, when they were said, only half-related to their setting. The meaner politicians prompted him to some disclosure of his mind concerning the General Election. It was not mentioned. True, he said that if the trouble were at an end, he would take his leave, and "take it with the best of grace." His view that there is still a lot to do is entirely our own, and the phrases, to which we have referred, did not seem very particularly to restrict themselves to any limited view of the nature of the 'little lot.'

Mr. Churchill has attended to a good deal of 'history' which is neither of the curiously meaningless kind favoured by academicians nor of the spectacular, military, kind in which it is supposed his mind is steeped; and when he says that if you hold out alone long enough the tyrant makes some ghastly mistake, all we can say, for ourselves, is that we hope so too. We have noticed one or two, though not yet one of an order which we can safely applaud, though doubtless we have not counted all our blessings.

Mr. Churchill mentioned the craven fear of being great. We have noticed something of the kind, and have some hopes of the outcome of the observation if, as he said almost in the same breath, words are not to be distorted from their true meaning. Hope increases when we come to the warning that Police Government might play the rôle in England which the German invader hoped to play. It is true that "it is the victors who must search their hearts in their glowing hour."

Such sentiments, quietly expressed, and lightly attached to issues in all men's minds, are, as they stand, but a suggestion of idiosyncrasy. They cannot quite be read as an exhortation to restore the British Empire without reference to its worth and character.

Meanwhile, we hear of feverish activity in the Free-

masonic Lodges, whither, it seems, the Conservative Party wirepullers have, as it were, adjourned from their customary centres and committees. If this is true it is ominous. It is time the 'Non-Political' Political Party's teeth were drawn. The Freemasons have a *strategy*. Looking around, we can see at least half a dozen 'forces' opposing (or presumed to be opposing) the policy underlying *Die Partei* who do not even pretend to a strategy, and behave as though there were no need for a strategy. This is merely to court defeat.

Reveille

Among the hopeful signs which are multiplying as our war prisoners return and the tension of an unfinished struggle relaxes is the following from the pages of *Reveille* for March 26, headed "The Strangest Story of the War":—

"Why were the facts given below almost buried in a War Correspondent's report? Why did only one national newspaper dare to publish even a discreet reference? We think the men who bombed Cologne should have a chance to protest.

"One of the major scandals of the war has been revealed in a *News Chronicle* report from Stanley Baron.

"Writing of the Cologne bombing, Baron said it was 'miraculously accurate.' He drove for four and a half miles into the city centre without seeing a roof on a building. Few houses had one wall intact.

"Allied pattern bombing had flattened the homes of the working people. But, said Baron, two omissions from the devastation stood out—the enormous Ford and Courtauld plants.

"Baron did his best to point his hint. He explained how easily these targets, standing in an open space in a bend of the river, could have been identified. He said: 'A red brick wall surrounds the Courtauld factory, which has five lofty red chimneys.' (My italics.) The factories had not even been camouflaged, and they were considered so immune that workers lived in them during the raids.

"What Baron did not say was that the Ford and the Courtauld factories, although working for Hitler under German occupation, originated from American and British financial interests.

"During the last war French financial interests protected heavy industries in the Briey district from attack. Aviators were forbidden to bomb them; and when one pilot, a M. Boussotrot, bombarded German occupied works from the air he was court-martialled and punished."

Education

"What education can do to the mind and character is nothing short of alarming. . . I say that with greater conviction than I might have said it a fortnight ago, for in the last fortnight we have been shown all the bestial atrocities that have been going on in Germany. . . How have they all come about? If you get down to it, it is the result of education. Education debased—education from which all religion has been excluded. Education can play the part of the devil, and that is the part it has been playing for a good many years in Germany."

—The Rev. C. Mayne, Dean of Carlisle, (*Yorkshire Post*, April 25).

The Election Issue

The Warning of 1935

The following article by Major Douglas was contributed under the heading of *Douglas Condemns Party System* to the newspaper *Social Credit* before the General Election of 1935. Some notes by the editor of *The Social Crediter* on some of the points raised follow the article:—

During the past few years it has been suggested from various sources that the Social Credit Movement in general, and myself in particular, have not shown fanatical admiration for the Labour Party. It has been deduced from this, quite erroneously, that the Social Credit Movement has not sufficient sympathy for those who are the more obvious sufferers under the present economic, financial, and social systems.

This confusion, which is quite understandable, arises from the assumption that the Labour Party is representative of its constituents, an assumption which I should myself deny, and which an increasing number of its constituents would also deny.

At a time when there is impending a General Election, which is bound to have tremendous consequences, an understanding of it as a political manoeuvre, so far as it can be imparted in the time available, is of paramount importance.

The coming Election is between something which is called a National Government, and the titular Labour Party, since by common consent no other Party is likely to figure largely in the returns. I hope to show that there is no important difference between the true policy of the Labour Party and that of the National Government, and that they are both, in fact, correctly described as being Whig policies which are primarily dictated by the Bank of England, the "City" and International Finance.

To place beyond doubt what may at first sight appear to be an unjustifiable statement, I have tabulated, quite broadly, the policy of both parties in regard to the main divisions of politics: Foreign Policy, Industrial Policy, Financial Policy, and Real Property Policy. (See following tables).

BANK OF ENGLAND:

Adviser, Mr. Montagu Norman (Old Etonian)

FOREIGN POLICY

Internationalist.

Bank of International Settlements, Basle.

INDUSTRIAL POLICY

"Rationalisation," i.e., vertical trusts.

"Favourable Balance of Trade," i.e., more exports—capture foreign markets.

Wage system (no work, no pay).

FINANCIAL POLICY

International Financial Monopoly, i.e., "Orthodox."

REAL PROPERTY POLICY

Punitive taxation, leading to acquisition by banks and insurance companies.

(Liberal Wing: "The Land for the People," i.e., bought on mortgage from financial institutions).

OVER-RIDING POLICY

The weakening of the individual and the centralisation of power.

LABOUR PARTY:

Adviser, Dr. Hugh Dalton (Old Etonian)

FOREIGN POLICY

Internationalist.

League of Nations, Geneva.

INDUSTRIAL POLICY

"Nationalisation," i.e., vertical trusts. (Mr. Montague Norman: "Nationalisation? We welcome it!")

Employment for all, i.e., more exports—capture foreign markets.

"No dividends to parasitic classes," i.e., wage system (no work, no pay).

FINANCIAL POLICY

Orthodox, i.e., International Financial Monopoly.

REAL PROPERTY POLICY

Confiscation in favour of a "nation" controlled by the Bank of International Settlements, via the League of Nations.

OVER-RIDING POLICY

Collectivism, subordination of the individual to the group.

There are, of course, minor variations in this very broad programme, and the vocabulary in which it is customarily described is, in many cases, so different that only a somewhat specialised knowledge of the subject will enable it to be seen that it is nothing but the vocabulary which varies and not the policy.

If, however, I am correct in my main contention that, as at present carried out, an Election will only be an Election of *personnel* and not an Election which will decide policy, how does this state of affairs come about?

There is really very little doubt about it. Party politics provides a career and a livelihood, and there is no career, and certainly no livelihood in politics outside Parties, at any rate at the present time. It is the business of Finance in particular, and "Big Business" in general to facilitate the advancement in a political career of those who can be relied upon to take advice in regard to policy. Or, to put the matter in the plainest possible way, Finance has its nominees in the key positions of every Party almost equally.

So far as the Labour Party is concerned, this is even easier than it is with the so-called Conservative or Liberal Parties, since the bribes which can be offered, not by any means necessarily or wholly of a monetary nature, form a greater contrast to what would otherwise be the normal life of the recipient.

I do not wish to be misunderstood, I do not think that it is primarily in the ranks of Labour Members, or their titular Leaders that this influence is so effectively exerted. Permanent Party officials, "packed" Committees, and those who appoint them, "Research" Committees and other agencies which present the Labour M.P. or Cabinet Minister with the material on which he is practically bound to act, are much more effective channels of influence.

I do not wish to draw invidious distinctions between the denizens of the political underworld, and I have no doubt that, to the extent that it is necessary, exactly the

same thing will be found in the same places in the Liberal and Conservative Parties.

But the hardly-concealed smirk of the Conservative press, both in this country and in Canada at the Canadian Federal Election results ought to be sufficient evidence that an overwhelming Liberal victory causes them no anxiety whatever. The Labour *Electorate*, however, is potentially much more dangerous than the Whig *Electorate*, and it is therefore in the headquarters of the Labour Party that we should logically expect to find the most astute and unscrupulous nominee of Finance, just as I feel sure that, if there were a Social Credit Party in this country, long before it became a formidable menace, its organisation would contain in most of its key-positions a set of rogues who would make the best exhibits of Smith Square, Abingdon Street, and Palace Chambers, look like respectable citizens. There is plenty of promising material about at the present time.

I feel sure that it will be suggested that this point of view is the product of a diseased imagination, and that what is required is a little sweetness and light. *Homi soit qui mal y pense.*

Everyone is entitled to his own opinion. My own, put forward with, I trust, becoming and customary, diffidence, is that the world in general and the Anglo-Saxon Race in particular, is faced with a fight to a finish against something which may be symbolically described as the "Devil Incarnate, The Father of Lies."

However you please to describe it, I believe that this Force is implacably hostile to the best interests of the human race, and that there is no crooked and slimy trick too despicable, no crime too black for it to commit, to further its ends. I think that it has made an exhaustive study of human frailty and perverted ambition, and makes every possible use of them. To me it seems about as reasonable to expect a six-foot cobra to nurse the baby and wait at table, as to suppose that this Agency will listen to anything but the irresistible logic of force.

I believe, then, that the British people, in particular, without delay, must assert their sovereignty, and, to put the matter in its most concrete form, I think that they have AT ALL COSTS TO BREAK THE IDEA AND THE FACT THAT THEY ARE ASKING TO BE RULED FOR FIVE YEARS IN THE WAY THAT THEY HAVE BEEN RULED IN THE PAST, AND ON THE CONTRARY, TO ASSERT THEIR DETERMINATION TO RULE THOSE INFLUENCES WHICH HAVE IN THE PAST, RULED THEM.

THIS MEANS THAT THEIR MEMBERS OF PARLIAMENT MUST BE ELECTED ON THE CLEAR UNDERSTANDING THAT THEY WILL DISREGARD THE PARTY WHIPS AT ANY TIME OR ALL THE TIME IN FAVOUR OF THE INSTRUCTIONS OF THEIR CONSTITUENTS.

This is the first step, but, like so many first steps, it is the vitally important one. If this is done, the way is open, perhaps a hard way, but clearly a possible way, to the freedom of the world. There will be no Party system then.

But if this consciousness of sovereignty cannot be aroused and made effective, I see no future for civilisation other than ever-increasing economic and political slavery punctuated by Battle, Murder, and Sudden Death; War, Pestilence, and Famine.

Notes:

(1) The foregoing article was written ten years ago, published, and widely distributed. In one city alone, Liverpool, this distribution was effected on a scale impossible now to anyone not equipped with the Paper Controller's certificate for presentation to a paper merchant, at a time when a vigorous and successful house-to-house campaign had just been conducted in the well-known Electoral Campaign for the Abolition of Poverty. (2) In essence, the situation envisaged with masterly clarity and directness is the same to-day as in 1935. The political world has learnt nothing and forgotten nothing. There lies still before it the further fulfilment of the prophesy embodied in the closing paragraph, translated by Mr. Churchill into the now famous phrase: "Blood, toil, tears and sweat." We have had the war; famine is now imminent; pestilence alone "crouches for employment."

(3) The situation is, however, worse rather than better, in all but one respect: namely, the truth of the indictment of the party system is known more widely now than ten years ago. Whether the war years have implanted more firmly in the hearts of Englishmen "the craven fear of being great" (to quote the Prime Minister) remains to be seen. If there is room for doubt, the wise elector will not run any risks.

It is at this point that the case of 1935 may diverge from the case of 1945, and entail an adjustment of tactics (not, be it noticed, any alteration of strategy). The dangers arising from "that degeneration of the democratic theory which imagines that there is a peculiar inspiration in the opinions of the ignorant" (Lord Tweedsmuir: *Augustus*), to which reference is made in *The Brief for the Prosecution*, press harder upon us; to offset which are, we seem entitled to hope, the fruits of ten years of experience, every year a vindication of the accuracy of the survey made by Major Douglas as of the strategy enjoined.

We shall not easily cast off those barnacles of Bloomsbury, the climate of which is apparently perfectly adapted to their luxuriant proliferation; but their function and characteristics are at least recognised, and doubtless this is some advantage.

(4) Those remote from the direct influence and instruction of Social Crediters who have learnt most concerning the validity of the case presented in Major Douglas's ten-year old article are, probably, exceptional members of H.M. Forces. We invite every one returning from service to make contact with us without delay.

PARLIAMENT

(Continued from page 2

nothing to repair mischiefs committed by other Budgets —unwittingly, may be...

There was an expression used by the Chancellor of the Exchequer which alarmed me very much. He referred to "restoring duties by Treasury Order." Does the Committee realise what that means? To me it was an admission that the Treasury were the real rulers, not the House of Commons. I have contested more than once this delegation of power. Principle and policy should be a matter for this House of Commons. Let no man think that I have not the utmost respect and regard for the old type Civil Service; no one knows better than myself that they are incorruptible; but the Civil Service to-day is not the old Civil Service of

some 200,000—it is an army of more than 1,400,000. Let every hon. Member ask himself this question: Why? What does that serve? I think the answer must be this: No useful purpose. Under our system, I should be ruled out of Order if I were to discuss economies; I can only discuss expenditure. Every item in this Budget should be most carefully and scrupulously examined, but to pretend it can be done after we have been handed these documents only half an hour ago—they number over 100 pages—is just too nonsensical for words. I certainly have no intention of picking out a little bit here and there which might lead to a very false conclusion.

We are exhorting people to save and what are we doing? We are taxing those who do save. We are talking about houses, but what are we doing? We are taxing land—and that includes houses—to a greater extent than any other form of investment. . .

I do urge this Committee to consider where we are going. There is no provision in this Budget, that I can discern, to encourage the building of shelter for human beings. Believe me, we cannot live without it. There cannot be a constituency where the evil is not crying out loud and there can be no constituents who do not expect their representatives to come before the House and make an appeal. This is an appeal to the Chancellor, in his Budget, to make concessions, to give redress of taxation which already exists, to relieve and encourage those people who will provide shelter to work to that end. I have interrogated my right hon. Friend as to value, and he said that the value of the land is the value of March, 1939. That is for the War Damage Act, and for public authorities who seek to purchase, but when it is judged for purposes of taxation at death it is not the 1939 value but the value at the date of death. That surely is inequitable. That, to my mind, is indefensible. All these things tend to discourage people from providing something which is wanted so badly in this country, namely, housing.

I have ventured to address the Committee upon two or three things only on which I can speak with some authority. I know that my facts cannot be challenged. So far as land is concerned, of course I know that the disciples of Henry George and other fuzzie-wuzzies will speak from a little isolated case here and there, but, believe me, I am speaking with a knowledge of over 50 years of practice. It does not affect me personally, but I urge this Committee to take away the control they have handed over to the Executive, to re-assert itself authoritatively, and to make quite sure that the authority which is their's shall be held from now and from henceforth.

Commander King-Hall (Ormskirk): . . . We have heard to-day that the sales of the proceedings in this House have increased in the past month more than they have ever done before, and I can assure the Chancellor that there is no need to apologise for producing documentary facts about our economic situation because there is a very large public desirous of learning about these things, and at the same time a good deal more can be done to encourage and to meet the demand of the people who want to know about monetary problems. No doubt there are paper difficulties at the present time, but a document of this character could, I think, be made rather more attractive if some of the statistics in it were illustrated in synoptic form and diagrams of different kinds were used. Secondly, there is at present a gap in the literature issued by the Treasury. They could well, possibly

in conjunction with the banks, encourage the issue of some more simple literature simply describing the basic economic facts about what money actually is.

At the other end of the scale, hardly anything said by the Chancellor to-day could really be unrelated to the international economic and financial position, and I am going to say something which the Chancellor could not possibly say, and that is that knowledge of monetary and economic affairs in the United States of America is about 20 years behind thought in this country on the subject; it is therefore absolutely vital that an educational process should take place in that direction, and anything we publish should be made available on the other side. . .

Major Procter (Accrington): . . . I ask the Chancellor to devise ways and means whereby the productive capacity of this nation can be so utilised and encouraged that, commodities, such as food, and clothing can be considerably increased. What is required is not so much increase in money wages as an increase in the real wages of the people. One of the means to attain this result is to reduce the Excess Profits Tax in the case of companies and of Surtax where a business is not a company, but carried on by one man. . .

I hope that we will get back to the old principle of finance set up by a great Chancellor—not of my party—W. E. Gladstone, who said that money should be permitted, as far as the Treasury is concerned, to fructify in the pockets of the people. We are faced with increased taxation, and we have pressure groups all over the place putting on the screw to increase this or increase that without any consideration as to cost or the realisation that it will impose new burdens on the working men and women. . .

Mr. Godfrey Nicholson (Farnham): . . . Our plea must be re-inforced that concentration must be made upon production. It is lack of production and lack of goods for sale that leads to the danger of inflation, and hence to high taxation and high prices in the shops.

There are two still more important points. We who have had the case of the fixed income people at heart must stress the vital necessity not only of not letting the cost of living go any higher but of bringing it down. I have noticed a tendency in the Government recently to let the cost of living go higher. I can think of the price of coal and things like that. They are not only dealing with people in receipt of wages or profits from industry, but people whose work is passed and whose income is fixed and who cannot by any possible train of events be increased by increased national prosperity. I believe it is a severe indictment of our taxation system, of successive Cabinets, and of the Treasury and of the Board of Inland Revenue, that the ultimate long-term social consequences of our system of taxation are disregarded. After all, there is more in the Budget than the simple issue of raising enough money to pay for the year's expenditure, and raising it in the fairest method possible. You may do all that. You may balance your Budget and you may be fair, however hard you are, but at the same time the action that you are taking may be extremely deleterious to the higher interests of the country as a whole. It may lead to the exclusion of a whole class which is valuable. It may lead to a disinclination to go into the State service. It may have all sorts of harmful consequences. I am not only asking for sympathy for retired officers, annuitants, pensioners and all descriptions of people living on their savings. I believe I am recommending a course which is in the highest long-

term interest of the country as a whole when I say that it is to the long-term consequences of the national system of taxation that attention must be directed. This is the first time that I have risen to plead this cause. I shall go on doing it. We are doing severe injustice, to my mind, to some of the most deserving of the population and I ask the Committee to consider what I have said and to bear it in mind.

"The Treadmill of P.A.Y.E."

VERSION 1

"The new system of deducting taxes from salaries and wages known as Pay as you earn has now been in operation for a full year. In my Budget statement last year I indicated that the scheme had been successfully launched, and I am now glad to be able to inform the Committee, at the end of the first year of working, that it has operated in this first year with remarkable success. . . The working of the system has meant a considerable burden of work for employers, work of a new kind which has been cheerfully borne despite war conditions, but the worker, too, has played his part. The success of our Income Tax system has always depended upon the willingness of the taxpayer to pay. . ." — The Chancellor of the Exchequer, April, 1945.

VERSION 2: ARTICLE BY A. L. N. D. HOUGHTON, GENERAL SECRETARY INLAND REVENUE STAFF FEDERATION:—EXTRACTS:

"In the 700 tax offices throughout the country there are over a million letters from or about the affairs of taxpayers which have stood on desks untouched for more than a fortnight. That averages out at about 1,500 in each office—1,500 taxpayers in each District waiting for a question to be answered, an allowance to be made, overcharges of tax to be put right, or for a repayment of tax .

"Each day that passes the total of letters waiting for attention mounts higher. More come in than go out. Work in tax offices is like a treadmill.

"For some weeks now I have visited men and women engaged in this seemingly hopeless task; in overcrowded offices cluttered up with books, papers and cards. Offices that are dirty, drab and disappointing. I have seen taxpayers standing like sheep in a pen, three and four deep at the counter—waiting their turn. There is no privacy for them. . .

"The unjustified optimism of Ministers about P.A.Y.E. must no longer cloak the true position."

Establishment Officer and Fabians

"I have heard recently from W. A. R. Webster, Establishment Officer, Imperial Censorship, Trinidad. Until he took this post two years ago, Webster was a Staff Officer in Taxes and the I.R.S.F. Taxes Honorary Secretary. . .

"Webster has been making contact with the local Socialists with a view to advancing the cause of the Fabian Society in Trinidad. He was, however, unable to make much headway. This is what he says about the local progressives:—

"They are not very thrilled with the Socialist Party's lack of leadership on colonial questions and all politically minded people here are concentrating on the self-government

issue. The self-government groups contain a strangely assorted mixture of Conservatives, Socialists, Communists, etc., and we shall not see any party line-up until there is sufficient self-government to uncover the economic divisions among the people."

— An Observer's Diary in *Taxes*, April, 1945.

BOOKS TO READ

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Economic Democracy.....	(edition exhausted)
Social Credit.....	3/6
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Social Credit Principles.....	1½d.

ALSO

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The Issue: Electoral Canvass for an Anti-Bureaucratic Representation.....	1d. each; 3/6 a hundred.
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.
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