

# THE SOCIAL CREDITER

## FOR POLITICAL AND ECONOMIC REALISM

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### From Week to Week

We suspect our esteemed contemporary *Truth* of an incursion into the role of village innocent in its comment on the "Spanish" notices at the British Industries Fair.

Apparently the Buffet (Bufeteria) was labelled *Bofetada*, "a slap in the face," and the club *el circulo de los compradores extranos*, "the club for queer buyers."

We think that it is most unlikely that the idiotic errors were due to lack of knowledge of Spanish by anyone in the Federation of British Industries. It is more probable, things being as they are, that they were a masonically fomented Communist expression of hatred for Spain which administered a "bofetada" to the Masonic conspiracy.

We have never expressed or felt any special liking either for General Franco or his regime. But it is quite obvious that no appreciation of either of them bearing a hint of impartiality can be expected from a "d'markrazi," including that under which we suffer.

Having liquidated the geographical centres of the British Empire, the Fifth Column which is in power in London, part of it probably quite unconscious of the work it is doing, is now clearly busy with the disintegration of our financial power.

Although the so-called gold-standard system was fraudulent, and was fraudulently operated, it did at any rate pretend to be a system, and could be "explained." But the "finance" of this Financier-Socialist Administration does not even pretend to be a system; it is merely a printing-press. Neither wages, prices, imports, exports, "standard of living", taxes, Government expenditure, "plans", or prospects betray any related connection to anything except the dictum of the Red Queen in *Alice in Wonderland*—"Faster, faster." After having "lost" practically all our overseas securities, and financed the greatest war in history, we are shovelling out untold millions of something we call pounds, the depreciation of which makes the purchase of raw materials and food prohibitive, and the necessity for a valuable foreign currency, dollars, more urgent. Wall Street is already pressing for the "devaluation" of the pound—higher prices for dollars. There is little or no protest; and it is demonstrated that any attempt to make sound finance, by which we mean something very different from orthodox finance, a political issue under our equally insane "majority" principle, is, as we have always contended, childish.

We are under no delusion as to what is happening. It has happened in Russia and Germany under the same central direction. All property is being forced into the market, to be acquired by the payment of depreciated and depreciating currency. We shall then have a gigantic inflation which will wipe out the purchase-money, Wall Street will be found in possession of everything and a "reform" of the currency will follow. We hope that those who clamoured for the "national-

isation" of the Bank of England, which has made the whole scheme easy and simple, are pleased with the prospect. But they probably think that it will be all right on the night.

THIS QUEER ISLAND. (a) At the end of the 1914-18 War one of the most powerful Civil Servants in the Ministry of Food, Mr. W——, was a notorious Bolshevik. Shortly after the winding up of the Ministry he became head of the Bolshevik Arcos in London, which was, a little later, raided by the police. So far as we are aware, Mr. W—— received no attention.

(b) When the Netherlands Ambassador to Russia, M. Oudendyk, reported to the British Foreign Office that the Bolshevik Revolution was a world-wide danger and gave his reasons, which were that it was not a Russian Revolution but a Jewish Plot, the Foreign Office White Paper which covered his Report was withdrawn the day after it was issued.

We recall these matters of past history because they are specific evidences of the continuity of treachery which has brought us down from the most powerful, most respected and most prosperous nation in the world, to the rank of a minor slave state. The story entered its closing chapters with the ugly cabal which placed Lloyd-George, the ex-Solicitor to the Zionist Federation, as Prime Minister, with Mond as his Left hand man and the Ministry of Munitions as a Jewish *imperium in imperio*. ("Wars are the Jews' harvests"—Sombart). It is far from unimportant that Lloyd-George, who became a very rich and extensive landowner, and died an Earl, rose to popularity with the Manchester Jews and the Zionists by his venomous and unscrupulous attacks on the country gentry and agricultural interests.

There is an exact parallel between the change of Prime Minister in the first World War, and the "Labour" cabal which displaced Mr. Chamberlain in 1940, although we specifically except Mr. Churchill from any comparison with Lloyd George, whom, we consider to have been the worst Minister of the Crown in our history. But "under war or the threat of war" the Fifth Column was more active and more powerful in 1940 than in 1916.

The practical utility of a consideration of this subject ought to be clear. We have little doubt that the Special Branch of Scotland Yard knows quite well who are active in this continuing plot. They should be run out of the country, and kept out.

"Franklin D. Roosevelt, Jr., standing as a Liberal, was an easy victor in this week's by-election in the Twentieth Congressional district of New York, a predominantly Jewish area. He takes the place of the late Congressman Sol Bloom.

"After his victory, Mr. Roosevelt announced that he would leave for Israel immediately to ascertain how America could best aid the new State."—*The Jewish Chronicle*, May 20, 1949.

"South Africa and Canada have accorded *de jure* recog-

dition to the Government of Israel."—*The Jewish Chronicle*, May 20, 1949.

It is remarkable to note the success with which the middle-class have been robbed almost without comment. In the years immediately preceding the war, when American Jewry had determined to have it, the people in the plot in this country bought up every small and medium-sized house which came into the market. Having cornered the market, it was, of course very fortunate for them, not only that "Labour" refused to allow any of this class of house to be built, but placed rigid and fantastic limits on the repair of such as were damaged—"subject to special circumstances."

We have a fairly solid belief that when all the houses bought by the knowing ones in 1936-1940 have changed hands at five or six times the price paid for them, it will suddenly become quite easy to build a house and the bottom will drop out of the market.

## PARLIAMENT

*House of Commons: May 16, 1949.*

### Ireland Bill

*(Debate continued)*

*Mr. W. J. Brown (Rugby):* I wish to state briefly the reasons why I shall go into the Government Lobby against this Amendment. In the first place, I approach this Amendment with a good deal of sympathy. Unless we can be reasonably sure that the Government of Northern Ireland represents a reasonable expression of the feelings of the Northern Irish people it would be taking upon ourselves a very great responsibility to leave in the hands of such a Parliament the decision as to future union between North and South. Therefore, as I say, I approached the Amendment of the hon. Member for Oldham (Mr. Hale) with a good deal of sympathy and I listened with very great care to what he said on the matter and, indeed, to what everybody else has said.

I am bound to say that it seemed to me that almost all the reasons he gave for objecting to the word "Parliament" applied equally to the word "people." Every one of the legal difficulties connected with the Act of 1921 seemed to me to arise just as surely and with just as great a force whether we have the word "Parliament" or the word "people." If we are to substitute the word "people" I do not think we can do that and leave it there; we have to define what we mean by the people. Does it mean all the inhabitants of Northern Ireland, regardless of age or sex? Does it mean all those who would be qualified to vote if the English franchise applied to them? What does it mean? We cannot just put in a vague and general term like "people" in an Act of Parliament and leave it completely undefined when we are giving power to take very important constitutional decisions.

The next point that arises is this. If we do not define what the word "people" means, who is to do the defining? Is it the English Parliament or the Northern Ireland Parliament? Hon. Members may say it is the English Parliament, and if that appeared in the Amendment at least we should know what was intended, but there is no reference in the Amendment now before the House to which Parliament shall determine. . . . As the Amendment stands, it does not determine what constitutes the people nor does it provide

whether it shall be the English or the Northern Ireland Parliament who would undertake the work of definition. If it should be the Northern Ireland Parliament, then everything that has been said about the corruption, the unrepresentative capacity, the undemocratic character of the Northern Ireland Parliament would surely operate just as much in the coming to a decision and the devising of machinery as it is represented it would operate to prevent and frustrate the desire of Northern Ireland people to join the Southern Irish people.

. . . I think, therefore, that this vague term "people" will not do. That does not absolve us from our responsibilities, but it means that we have to tackle these responsibilities perhaps in a somewhat different way. I assure hon. Members that I share the view which has been expressed on that side of the House that there is a good deal wrong with the Government of Northern Ireland. I do not like the prospect of special powers being maintained indefinitely in time of peace, as they are being maintained. I have had personal experience of dealing with the Government of Northern Ireland, as representing a British Civil Service, trade union, and I know the qualitative and quantitative difference that exists between the Government in Belfast and the Government in London. I was seldom out of difficulty with the Government in London, but I must say that I found them a model of democratic and sweet reasonableness by comparison with what I encountered in Belfast.

However, it seems to me that the root of the question is that the word "Parliament" has got to stay, because it is, at least, a definite, recognisable thing. We may not like it, but we know what it means. If we do not like it—and many of us do not—it seems to me that what we have to do is to use other methods for putting the Government of Northern Ireland on a basis more satisfactory to us. That is within our powers. We passed the original Act for the Northern Ireland Government. We can pass another if we want to, and we can take an opportunity to object to the continuation of special powers, and so on. It is along that line, it seems to me, that any deficiencies in the Government of Northern Ireland ought to be tackled. Meantime, I think that the word "Parliament" must stay, and for the reasons I have given I shall go into the Government Lobby on this matter tonight.

*The Lord President of the Council (Mr. Herbert Morrison):* . . . I would very earnestly advise the Committee that this is an unwise Amendment. It will be impossible to interpret. It is not an Amendment which is worthy of being passed by the Committee into the law of the land. Whilst all these things are very amusing and the Debate is very interesting, I would ask everybody to realise that we are on exceedingly delicate issues here. I hope nobody is bursting to dismember this United Kingdom. Things may have to happen, but I hope that anybody responsible to the electorate of this island is keeping the interests of this island very clearly in mind in all these matters; otherwise the electorate will have its say in due course. . . I am not quite sure why Northern Ireland should be picked upon in this matter. There have been no vigorous complaints, and we ourselves have been exceedingly restrained. There was not a Parliamentary election fought upon this issue in Southern Ireland; there was not a plebiscite, and yet, out of the blue comes this decision to declare that part of Ireland a Republic. There have been no great democratic protests about it; no allegation that the will of the people has been evaded and set aside; no talk about gerrymandering the will of the people.

I do not talk in that way myself. I have never heard that any one has commented in that spirit about Southern Ireland.

I think that we all have a duty to be as fair-minded as we can about the various parts of His Majesty's Dominions, and certainly in relation to the Republic of Ireland. If this means a plebiscite or referendum, do let hon. Members see how it is going to work. This is not a simple issue that can be put in one question to the people, and which can be answered by "yes" or "no." Is the question to be, "Would you like a united Ireland?—yes or no?" That is a simple issue but it is also a very complex one, because some other things are wanted to be known. Is the United Ireland to be in the United Kingdom? It may be in the United Kingdom. Is it to be in the Commonwealth? Is it to be a federal Ireland with a separate Government of Northern Ireland and another in the South and a Federal Government around it?

Are all these things to be set out in a plebiscite? These are material questions that will have to be settled somehow, and I submit that to try to settle these questions, which in fact we cannot do by plebiscite, we should probably have to reduce them to a simple and misleading question. To try and settle this by plebiscite is—I do not want to be offensive—but a child-like political expedient.

*Mr. Hale:* I have never mentioned a plebiscite; I have never defended it, and I was told that I could not discuss in my Amendment how a decision should be arrived at.

*Mr. Morrison:* I am sorry about that. I think that the Committee ought to know what this word "people" means. In view of what happened to my hon. Friend, I shall not dwell upon it. I only say that these issues are involved, and it is better that they should be debated in Parliament, which can pass precise resolutions about them and say what they mean, so that the Government can negotiate and precise agreements are reached in the end. It is far better to do it that way than to try to do it by the use of the word "people" which, I submit, is extremely vague.

I think that on this Irish day I have not said anything that will hurt anybody's feelings. I want to impress on the House that this is an exceedingly serious issue. The future of our country is somewhat involved in it. We do not want to pass an Amendment which, I submit in all sincerity and without any wish to offend, will make the House of Commons look somewhat ridiculous. Let us be careful about this doctrine of referendum. We had some of it in Europe. The party opposite might demand one on a simple issue of what we are going to do with the House of Lords. But it might be a little difficult for them if they go so far as that. Do not let us start. I beg my hon. Friends to realise that if they start this business, they are starting an expedient which in the long run is more useful to reaction than to the progressive forces. For all these reasons, I earnestly appeal to the Committee not to pass an Amendment which in actual form is rather ridiculous and which in its consequences would involve all of us in policies and directions which I believe would be contrary to the true interests of the country.

House of Commons: May 17, 1949.

### Ireland Bill

As amended, considered.

#### Clause 1.—(CONSTITUTIONAL PROVISIONS).

*The Attorney-General (Sir Hartley Shawcross):* I beg to move, in page 1, line 5, to leave out from the beginning

to "that" in line 6, and to insert:

"(1) It is hereby recognised and declared."

Perhaps it would be for the convenience of the House to discuss at the same time the next two Amendments in lines 10 and 12. These three Amendments, which are related to each other, are really drafting Amendments, designed to meet a point raised in Committee last night in regard to this Clause where, as at present drafted, instead of using the ordinary phrase, "It is hereby enacted," or as the case may be, we use the expression "Parliament hereby." It was said that the form of words at present used was unusual. I would not, I think, have withdrawn it for that reason alone, but the hon. and learned Member for Daventry (Mr. Manningham-Buller) pointed out that, whilst of course it is the fact that Parliament consists of the King, the Lords and the Commons, it might not be realised by all people that that was so, and that they might think that the departure from the usual language had some significance and implied something which it was not intended to imply. . . .

### Ireland Bill—Third Reading

[Concluding]

*The Secretary of State for the Home Department (Mr. Ede):* The Debate we have heard in this House this evening has shown a sincerity of feeling and a desire to say nothing that shall make the path of anyone difficult in the future which do credit to every hon. Member who has been present in this debating Chamber. . . .

. . . My hon. Friend the Member for Platting (Mr. Delargy) asked me one direct question, and I think that as the question has been asked quite plainly and fairly it should be as fairly and emphatically answered. He asked me if before Mr. Costello spoke there had been any documents passing between the two countries of Eire and the United Kingdom indicating that any pronouncement was going to be made. I am authorised by my right hon. Friend the Secretary of State for Commonwealth Relations to say this: There were no documents; there were no conversations. My right hon. Friend was in Dublin on the day the report of Mr. Costello's speech came through, and it came as a complete surprise to him. . . .

. . . We have said: "Well, we are sorry that you have gone. We ourselves do not believe that you are more completely a nation today than you were before April 18; we do not believe that you are more a nation today than Canada, or Australia, or New Zealand, or South Africa, or India, or Pakistan, or Ceylon." . . . We have taken that line. But we have said more than that. We have said: "You have desired to cut the last thread, but we do not bolt any door.

(Continued on page 6.)

By

C. H. DOUGLAS:

### THE REALISTIC POSITION OF THE CHURCH OF ENGLAND

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### The Social Credit Secretariat

The political situation is such at the present moment that, to gain immediate attention from our supporters and as prompt action as possible ensuing from it we forestall the publication, next week or the week afterwards, of a statement on the constitution of the Secretariat by a few sentences concerning a proposal which the statement will embody that an annual subscription shall, in future, replace what has been known since its inception at a much earlier date as the 'self-assessment scheme.'

If our reading of current events is reasonably correct, we may have even less justification in the coming months than in those years which are past to dissipate what energies we possess in side issues. Money is, of course, very far from being a side-issue. A sufficiency is essential for the conduct of any work involving exchange in any form practicable in a modern community and the use of raw materials. But, so far as we are concerned, the collection of that sufficiency, which is well within the ability of our supporters to find, is a side issue, and if the supply falls short, considerable waste of energy is entailed in makeshift employment of available talent at a low level of profitability. Cutting down expenses is often cutting down the job. We can't afford to do that. The voluntary principle is, of course, fundamental to our organisation, as, indeed, it is, even when it is not recognised, fundamental to all society. The 'ultimately' at which unsound society breaks down, that is to say all society founded in mistaken principles, and neglect of the real nature of individuals (or persons) is an unsound principle, may be far or near; but in fact, every step taken towards it is a breaking down, and Social Credit is a building up process. What we desire is greater regularity of income, consonantly with individual will on the one hand and office convenience on the other. Like so many other matters which affect us, this is rather a matter of quality than of quantity, although a quantity element enters into it. Although it is intended to propose a set figure representing the individual supporter's annual contribution to the Secretariat, it is not standardisation of his support at which we aim but facilitation of it. We have no sanction besides the withdrawal of such assistance as we give towards the realisation of the policy, which our supporters recognise as being their own, and, because that policy is, in the first place ours, the exercise of such a sanction would necessarily be the last thing to which we should resort. We have no intention of resorting to it. At the same time, continuous pursuit of it, at a high and particularly at an even level, is possible only in certain conditions of freedom of choice. It cannot be consistently maintained, for example, if tasks for which ordinary commercially available talent suffices multiply to prevent leisurely contemplation of the graver issues. There is no rightness of a considerable kind that comes from the impulsion incidental to the mere ticking of a clock or the striking of the hour.

In the drafting of the statement which is to be issued, sight has not been lost of the need for the due instruction of such newcomers to our ranks who are not old enough to have been informed by long familiarity with our ways.

### The "Common Good"

"The 'common good' may be the battle-cry used in one country to crush a race, in another a religion, in another a political doctrine, in another a class.

"You may, to-day, agree with the use of such arbitrary powers against a minority for reason of expediency. To-day you may agree with the use of such powers against the Jews, the Fascist, or the Communists; if you sanction a denial of justice in one case, the precedent you have made will inevitably be used to justify a similar, or even a worse, denial of justice towards yourself or towards some other section of the community.

"To-day, you may consider that such powers are being used reasonably by the party in power; to-morrow the same party may use them unreasonably. And the day after, you may find that to-day's minority may be in power, how will you explain to them that they are not to follow the example set for them?

"Human rights are not dependent upon the expediency of the moment. The doctrine of 'expediency' and of the 'common good', applied to fundamental personal rights is destructive of any system of jurisprudence; it cannot be reconciled with principles of justice, or human dignity. And 'Without justice,' said St. Augustine, 'States are nothing but organised robber bands.'

"Philosophical jurisprudence must be based upon immutable principles and must sternly reject expediency. It must aim primarily at the protection of the poorest and weakest citizen in the community; sometimes, even, the least worthy member of the community. He may be in a minority of one; he may have no merits, he may be defenceless, but it is only by protecting *his* rights that you will safeguard your own. The minute you sanction a denial of justice to one man—even if that man be an outlaw—you open the floodgates that will ultimately destroy the liberties of the people.

"The essential attributes of civil liberty do not depend upon the type of government that happens to dominate in any country at any given time. The requisites of civil liberty are the same under any form of government which is intended to secure the welfare of the people. Personal liberty is just as important to those who live in an authoritarian State, as it is to those who live in a democratic State. Inversely, personal liberty is just as important in a democratic State as it is in any other form of State—for otherwise democracy ceases.

"Authoritarian States, such as the Communist and the Fascist State, deny the right of the human person and as such are incompatible with civil liberty. It is largely on this basis that the Catholic Church has condemned the Communist State: 'There is no recognition of any right in the individual in his relation to the collectivity, no natural right is accorded to the human personality which is a mere cog-wheel in the Communist system' (*Divini Redemptoris*—Pius XI). To deny elementary principles of civil liberty in a democratic state is to pervert democracy . . ."—Sean MacBride, *Towards a New Ireland*.



## An Introduction to Social Credit

By BRYAN W. MONAHAN

ECONOMICS (4) [continued]

The emphasis in Social Credit has, however, passed from the technical economic considerations. Several years ago, it was necessary to prove that banks create credit, since this was denied by the officially-recognised economists. To-day, the creation of money by the banks is an everyday topic of newspaper discussion.

It is equally true, though less obvious to the uninitiated, that the fact of a deficiency in purchasing-power is also admitted in official circles. The very emphasis on the necessity of embarking on public works to "avoid another depression" is a tacit admission. Now the real bone of contention has always been in connection with the policy governing the availability of credit, but that fact for many years was concealed behind the controversies centred in economic theory. The present phase however, is concerned directly with the question of, in the broadest sense, credit-policy.

Major Douglas's original book, *Economic Democracy*, was concerned primarily with that question of policy, and treated of the financial issue because the financial system was the chief mechanism of a policy. The controversy which subsequently developed on the technical side had the effect of concealing the major issue of policy; that is the significance of the emphasis on the subtle aspect where most confusion could be caused.

But although the emphasis has shifted, a knowledge and understanding of the mechanism of finance in relation to production is still vital to a proper grasp of politics. Export drives, public works, and high taxation are still the outstanding features of our economy, and they all amount to literal and large-scale robbery of the community, besides leading to a form of organisation which is within a short distance of rendering any protest against the robbery futile because ineffective, if not impossible.

(5)

The officially sanctioned "science" of economics is inextricably intertwined with the operation of the financial system. This is as if a unit of measurement in the science of physics were wrongly defined. Theoretically sound, the "laws" of economic "science" are in practice worthless for the most part, and predictions based on them are less reliable than the notoriously unreliable forecasts of weather. Before the war, economists were for this reason becoming the laughing-stock of the public; and if their prestige has recovered to some extent, this is because governments have taken powers to make theories work as nearly as possible despite the facts. It is easy enough correctly to predict a shortage of wheat if for reasons of financial policy you take powers to restrict its production.

Major Douglas has, however, enunciated a real and fundamental natural law of economics: *The real cost of production is measured by the consumption incurred in that production.* For example, the real cost of a crop of wheat is measured by the wheat used as seed, and consumed; if we supposed that nothing but wheat were consumed, the cost would be measured directly in wheat. This specific example can be generalised: the real cost of total production over a

period is the total consumption in the same period. Since production, even in war, exceeds consumption, the ratio in question is a fraction which is less than one. The difference between that fraction and one represents, in the most fundamental sense, *profit*—real as opposed to financial profit.

This fundamental law is modified by a most important factor. Production *capacity*, as opposed to simple production, must be taken into account. Production may include the building of a number of factories; the point is that these factories enhance the potential production of the ensuing period. The fundamental costs and profit, therefore, must be measured in terms of production *capacity*—that capacity which we examined in Part I.

This production capacity is called by Major Douglas the *real credit* of a community, and defined by him as *the ability to deliver goods and services as, when and where required.* Financial credit is similarly defined as the ability to deliver money as, when, and where required. Financial credit is based on real credit. Banks can create financial credit because that credit can be exchanged for goods and services. The connection is perfectly obvious in the case of war; the output of industry is enormously expanded, and it is financed by an expansion of credit.

Now the essential respect in which financial credit created by the banks differs from minted money is that it is subject to recall and cancellation within a period determined by the banks. It is issued as a loan by the banks. Even when this money is "earned" by a man's labour, it is still subject to recall by the banks—a reality reflected by the enormous burden of taxation.

But it operates effectively as real money because fundamentally it is based on the capacity of industry to expand its production. The matter may be put another way: potential production capacity can only be drawn on *provided* new money is made available; and this new money is bank-created credit. Thus financial credit is in the nature of a licence to draw on the real credit.

In the sense in which we are using the term "real profit," a factory as such is not profit. The profit lies in the "factory delivering the goods, as, when, and where required"—again, a dynamic conception. Here, the factory symbolises all those factors, tangible and intangible, which make up the realistic basis of "plenty." The extent to which this profit is available depends on the degree to which financial credit is made available.

There are two important observations to be made in relation to this situation. The first is that there is at present no connection between real cost, and financial price. Cost is properly measured as a ratio, in which production-potential, the denominator, is increasing much more rapidly than actual consumption, the numerator; therefore real costs are falling. Prices, however, are based on rules of accounting and are constantly increasing. The implications of this we shall examine later.

The second observation, which amounts to a revelation is that *the poor are not poor because the rich are rich*; they are poor because of the operation of the financial system. But class-war is founded on the delusion that "profiteering" is the cause of poverty, and class-war is the foundation of Socialism. Our present circumstances are dominated by the conscious conception of class-war; and the policy which leads to it requires careful examination.

## Dulles

The American *Vogue* carries a feature, "Able Citizens" in which it gives photographs and brief descriptions of men and women who "share in a determination to have a part in building America." The following appears against a photograph of a man with a tight mouth and chin almost Crippsian:

"JOHN FOSTER DULLES is the most consistent, effective and important layman working on a policy level with the Federal Council of Churches. His major concern is world justice and peace. Last year in Amsterdam at the controversial meeting of the World Council of Churches, he was considered the most distinguished of the non-theologian speakers. Dulles holds a unique position as one of the few churchmen to have had the opportunity of introducing their spiritual influence at top government level. He believes that 'the choice between Communism and free enterprise is purely a moral one based on whether or not God created man with certain inalienable rights.' Three times a delegate to the United Nations General Assembly, twice a delegate to the Council of Foreign Ministers, this intent, soft-spoken man is a brilliant Wall Street lawyer, and grandfather who can beat his children at ping-pong, bridge or argument."

## Lilienthal

A Reuter message from Washington published in the "stop-press" of the *Daily Mail* on May 24, stated that a Congressional investigation had been ordered into allegations against Mr. David Lilienthal, chairman of Atomic Energy Commission, of "incredible mismanagement" of America's atom bomb programme.

### PARLIAMENT (continued from page 3.)

You can come into this country on the same basis as you did before you went out." I say that that is completely unprecedented. . . .

. . . We earnestly hope that Irishmen on both sides of the Border will realise the attitude that the United Kingdom has adopted on this issue, and we pray that as the realisation of what we have done comes home to them, they will find that this country and this Commonwealth is wide enough and wise enough, and generous enough, to welcome into its companionship all those who share, as these two nations do share, a belief in the democratic way of life and in the Christian basis of society.

Question put, and agreed to.

Bill read the Third time, and passed.

House of Commons: May 27, 1949.

### Colonial Loans Bill

Considered in Committee.

Clause 1.—(GUARANTEE OF LOANS MADE TO COLONIAL TERRITORIES BY THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT.)

The Under-Secretary for the Colonies (Mr. Rees-Williams): I beg to move, in page 1, line 7, to leave out from the first "the," to "any," and to insert:

"repayment of the principal of and the payment of the interest on

and other charges in respect of."

It may be for the convenience of the Committee if we consider this Amendment with the following Amendment, in page 2, line 18, after "of," insert:

"and other charges in respect of."

One is consequential on the other.

The reason for this Amendment is that Clause 1 (1) of the Bill as drafted, while enabling His Majesty's Government to guarantee repayment of principal and payment of interest on a loan from the Bank, does not enable His Majesty's Government to guarantee the other charges of the Bank. These charges are two. There is the statutory commission, which is a commission of not less than 1 per cent. and not more than 1½ per cent. charged by the Bank when it makes or participates in direct loans out of funds borrowed by the Bank during the first 10 years of its operations. That is imposed by Article IV, Section 4 (a) of the Bank's charter.

The Bank is obliged to charge commission on loans from funds it has borrowed, but not from funds it has obtained out of members' subscriptions. The commission is not a banker's profit, but is set aside for the Bank's creditors and, of course, eventually of members. The commitment charge is in effect a reduced rate of interest . . . charged by the Bank on the undischursed part of a loan, full rate of interest and commission being charged only from the date of disbursement. . . .

There have been some delays between Second Reading and Committee stage, but we had to have discussion with the Bank on these charges and on various other matters relating to the guarantee. All these matters have now been satisfactorily cleared up and I ask the Committee to approve the Amendments.

Mr. Lennox-Boyd (Bedford): We of the Opposition have no quarrel with these Amendments, the purpose of which has been explained quite clearly by the Under-Secretary. We are glad to see this Bill again. We last saw it in November and we thought that this Government of planners had actually lost it. Now it has turned up and we shall do our best to facilitate its quick passage.

[The Second Reading of this important Colonial Loans Bill, referred to in the Committee Stage which took place on May 27, was on November 19, 1948. We print below extracts from this debate, for which at the time we had no space:]

House of Commons: November 19, 1948.

### Colonial Loans Bill

Order for Second Reading read.

The Under-Secretary of State for the Colonies (Mr. Rees-Williams): I beg to move, "That the Bill be now read a Second time."

The object of this Bill will, I am sure, commend itself

## SOCIAL CREDIT and CATHOLICISM

by GEORGE-HENRI LEVESQUE, O.P.,  
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to hon. Members and right hon. Members on both sides of the House. It is to give the Treasury authority to guarantee loans made to Colonial Governments by the International Bank for Reconstruction and Development. Owing to the Charter of the Bank it is only possible for this to be done on a guarantee of His Majesty's Government. This is because His Majesty's Government is a member of the Bank and because no Colonial Government is such a member. . . .

. . . The House will, perhaps, bear with me while I postulate some of the background of this Measure or at least show the setting in which it is placed. It is the object of the Government to encourage in every way possible the economic development of the Colonial territories. It may be said that there are four objectives in the economic policy in relation to the Colonies. The first is to restore and improve the capital equipment of the territories so as to provide a firm basis for future development. The second is to promote those types of economic activity, whether primary or industrial production, in which the territories are best fitted to engage, having regard to the balance of their economies, and the advantages of their external trade. The third objective is to raise the living standards of the Colonial peoples as rapidly as the level of their productivity permits. The fourth is to secure the mutual advantage of the United Kingdom and the Colonial territories, having regard to the finance, equipment and skill which the former may be able to provide.

Among the benefits to Colonial territories which this policy provides is, of course, that we are able to provide them with new and important potential sources of finance. . . .

. . . Our financial objective, arising out of the general economic objective to which I have referred, is to ensure that sufficient finance is available from within the Colonial territories and from external sources. There has in the past been great difficulty, not only in Colonial territories but also in metropolitan countries in which primary production is the main source of wealth, in obtaining a better standard of living and in achieving any sort of industrialisation.

There have in the main been only two ways in which a country such as that could obtain finance. The first was by exploiting the primary producers, namely, the peasants; or, secondly, by obtaining foreign loans which inevitably—I am not saying improperly—meant that there had to be attached those conditions which are commonly known as "strings." During the last few years we have tried to provide funds for colonial territories without either exploiting the primary producer or by obtaining foreign loans on onerous conditions. We have tried to do it in several ways; first, owing to the price of primary commodities, which has been high since the war, by obtaining finance from surplus revenues, that is, by taxation by means of export duties and the like. Secondly, by making available to Colonial territories sums under the Colonial Development and Welfare Act which aggregate £120 million over the ten-year period up to 1956.

We have also, as the House knows, established the Colonial Development Corporation which we hope will provide a considerable amount of finance and skilled assistance to the Colonial territories. Lastly, we have made available the London market. The House will perhaps have seen that on November 11 the Trinidad £3 million loan was offered on the London market. It closed after one minute, and £80 million was offered for the £3 million that was required. . . .

. . . In addition to the financial projects which I have

mentioned there is also the possibility that European Co-operation Administration loans may be available. At the present time we have not negotiated any loan under this particular administration, but it may be possible that they will be negotiated at a later stage. As a matter of fact, we have asked for scientists and technicians under the European Co-operation Administration. Altogether we have asked for about 50 trained men, 25 geologists and about 25 ground surveyors under this project. Various other projects also are being suggested to the European Co-operation Administration in relation to the Colonies.

We do not anticipate that there will be any immediate request under this Bill, but we have introduced it now, not because there is any pressing need for it at the moment, but so that we shall be in a position to act promptly if it is required. The House knows that the Government always like to have the facilities which they desire to offer in good time, and not to be lagging behind. There is one main difficulty and one subsidiary difficulty at the moment under the Bank policy—not under the rules but under the policy—which might dissuade the Colonial Governments from applying for these loans. The first is the high rate of interest, which has recently been at  $4\frac{1}{2}$  per cent., including 1 per cent. commission which the bank takes on all loans. The second is that the dollar loans are only available for the purchase of equipment from dollar sources.

As the Colonies normally have a wide spread number of projects, with very few dollar requirements in respect of each project, it means that they would have to lump together a number of projects in order to make it worth while going to the bank for a dollar loan. We think that the borrowing could most conveniently be done through the Colonial Development Corporation. They can consolidate their requirements more easily than the Colonial Governments and preliminary contacts have been made between the directors of the Colonial Development Corporation and the Bank.

It is not necessary to include the Corporation in this Bill, because the Treasury have the power to guarantee loans made to the Corporation under the provisions of the Overseas Development Act. We feel that the object of the Bank, the purposes for which it was set up, are estimable. They intend to do all they can to restore world prosperity and trade, and I must pay tribute to the imaginative quality of those who set up the Bank to assist in this work. I hope it will be of real assistance to the Colonial territories over a number of years.

Clause 1 Subsection (1) of the Bill provides that the Treasury may, subject to certain conditions, guarantee the payment of the principle and of the interest on any loan paid to the Government of a colonial territory by the International Bank. The amount of principle, as hon. Members will see, is limited to £50 million. This is, in fact, an estimate of the maximum aggregate sum required in the foreseeable future. . . .

*House of Commons: May 27, 1949.*

#### Colonial Development and Welfare Bill

*The Secretary of State for the Colonies (Mr. Creech Jones):* I beg to move, "That the Bill be now read a Second time."

. . . In 1945, Parliament increased the original sum available [to develop the resources of our Colonial Terri-

teries] to £120 million in the 10 years ending March 31, 1956. The maximum which could be expended in any financial year was not to exceed £17,500,000, and, in respect of research and inquiry schemes, the ceiling was placed in any one year at £1 million. The House is aware that the Colonial Governments were invited at that time to draw up programmes of development for the 10-year period, and, in respect of the Colonies whose schemes have been reported to the House, £85,500,000 was allocated in the territories and groups of territories for welfare and economic development schemes. It was made clear that the money available should be supplemented from Colonial sources, and it was hoped that as a result of the greater use of natural resources by creating better social conditions, by furthering production and enterprise, the territories would obtain higher social and economic standards, and, generally, would be able to move forward at a greater pace than hitherto had proved possible.

Apart from the £85,500,000 allocated to the individual territories and groups of territories, it was suggested that there should be a number of central schemes, in London in the main, which probably would cost something like £23,500,000, and, of that sum probably £10 million would be made available for research and inquiry. The reports of the working of the Act have been published each year, and the House is familiar with the progress made. I shall only therefore say that, in the 21 territories from which schemes for economic and social development have come—schemes approved to date—the total expenditure planned is in the neighbourhood of £200 million. Of this sum, the local Governments themselves are contributing by way of local loans £64 million, and from their own local revenues £71 million; that is to say, the Colonies are contributing no less than £135 million, and only £64 million is made available under the 1945 Act.

I would not at this stage analyse the proposed schemes but would point out that they are of a very varied character. In regard to the development of agriculture and veterinary services, something like £10 million expenditure is planned; on irrigation works £3,250,000; on soil conservation £1,500,000; on forestry £1,400,000, and if, to the money allocated to the schemes for economic expenditure, is added the money which is likely to be spent on roads, railways and communications, we reach a figure under the existing schemes that have been adopted of something in the neighbourhood of £28 million. Grants will come under the Colonial Development and Welfare Act for social services, and something like £10 million will be contributed towards educational schemes in the field of primary, secondary and technical education, £9 million in respect of health schemes, nearly £2 million in respect of housing schemes and £7 million on water supplies and sanitation, making a total for social services in the neighbourhood of £29 million. . . . the progress of the projects of the 10-year programmes is now increasing, although we are undoubtedly faced with higher costs for materials than at the time when the schemes were planned. The slow progress, the delays, and the non-expenditure in the earlier years will involve us in the second part of the period of the 10 years in a rising expenditure—a greater degree of annual expenditure—than was originally foreseen, and there will undoubtedly have to be, as a result of these delays, a recasting of some of the projects already adopted. It is because of these circumstances that we are asking that the annual ceiling should be raised by this Bill from £17,500,000 to £20 million. . . .

### Suggested Summer Conference

It has been tentatively suggested that supporters of the Social Credit Secretariat should meet during the summer, and preferably soon, at some convenient centre of the Scottish Highlands. Care will be taken, if these plans mature, that the conference, which Major Douglas may visit, will be so arranged as to ensure that its meetings may be combined with a pleasant holiday.

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