

# THE SOCIAL CREDITER

## FOR POLITICAL AND ECONOMIC REALISM

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6. Weekly.

### BEHIND "POLITICS"

By H. R. Purchase.

The immediate reaction to reading this excellent book\*, at any rate as far as your reviewer is concerned, is surprise, probably due to conceit, that someone other than a Social Crediter should have so clear a picture of the forces of evil at work today. The author with a rare insight, must have collected his facts and reached his conclusions along different lines, in a different school, to the readers of this periodical. That those conclusions coincide so accurately with our own is for that reason all the more valuable.

Apart from the book's literary excellence, it is also well thought out.

Each chapter exhibits a rise in tempo, that grips the reader and helps considerably in following the logical and clear sequence of facts and argument. Whoever is able to do so, should try and read this book in the original. An English translation is most desirable, particularly as the highly idiomatic German may be difficult to follow. One wonders whether any publisher in this country among established publishing firms would dare to bring out. The author does not hesitate in naming the evildoers, particularly Kuhn, Loeb and Co., or in calling a Jew a Jew.

Except for some philosophical asides, there is nothing vague about the book. Specific instances are given to drive home facts and points. Each chapter is packed with facts and enlightening comment on facts.

The title of the book derives from a holiday the author spent in Spain. He seems to infer that the politically cleaner air of Spain helped him to clarify his ideas. He stresses the regeneration of that country under the Franco regime, a regeneration he considers profound and important in a world otherwise controlled by Zionist High Finance. Spain's isolation and her rising culture is being carefully hidden for obvious reasons from the rest of the world.

The terrible experiences of the civil war have made the Spaniards resolved never again to allow a repetition of it. In consequence Spain is developing a political synthesis arising from the firm conviction that the civil war was a war against nihilism and that this was fostered by Politics and Speculation on a grand scale. Both are seen as overgrown monsters hostile to human culture. Politicians prepared the ground and, when ready, Russian G.P.U. agents took over the task of plunging Spain into war. The Spanish "incident" was a practical experiment in revolution and has become the standard example to follow in all countries that Communist Russia wants to overthrow. The author draws attention to what appears to be generally overlooked, namely that a remarkable number of Communist commanders of the "International Brigades" are now in ministerial seats of power.

\**Spanischer Sommer* (Spanish Summer) by Severin Reinhard: published by Achren Verlag, Affoltern am Albis, Switzerland (see reference: *T.S.C.* page 4, May 6, 1950).

Only a few of the interesting facts contained in the book can be referred to here. For instance the author explains how the U.S.A. found it necessary to engineer a war—the 1914 instalment particularly—to get rid of European guardianship. Europe had to be plunged into chaos. He mentions the Jewish advisers of Wilson and Roosevelt. He traces the connection between the G.P.U. and Wall Street, a connection which became obvious when Vishinski was let loose on the world. Vishinski is described as the Russian Torquemada whose hands are steeped in blood. His entry in U.N.O. represented the identification of World politics with the Russian secret police he heads. U.N.O. is a most convenient platform for Communist propaganda.

Vishinski's famous accusation of G—men, *i.a.* Byrnes and Dulles, as the arch enemies of "peace", *i.e.* of the U.S.S.R. is mentioned. It is—probably correctly—suggested that this was done, so as not to be forced to name the real enemies. Whom did he not want to name? The author reminds his readers that the Russian delegation was allowed to slip into the U.S.A. without the usual formalities and in all secrecy. The Russians did not speak English and their hosts are not known to speak Russian. The hosts were connected with Wall street, and all had a common language, Hebrew.

Considerable space is given to the banking house of Kuhn Loeb and Co., its composition, its activities, and its rise to power. The Rockefeller group controlled oil and other conservative trusts and industries. The Morgan group was fleecing the public by manipulation of railroad shares and other daring enterprises. At a moment when Morgans were heavily involved in some doubtful speculation and had heavy financial commitments on the side of the Allies, Jacob Schiff, then head of Kuhn Loeb and Co. asked the President for permission to finance Germany. This threat caught Morgan and Co. off balance and forced that group, as it was intended to do, to combine with Kuhn Loeb and Co., the latter, as a financial house, automatically gaining control of this colossal concentration of financial and industrial power, now greater than the Rockefeller group. The Morgan—Kuhn Loeb group, which by then included the copper kings, Guggenheim, Kahn and Schiff and the Warburg family and the Rothschilds, could also count on a number of immensely wealthy friends, mainly related by marriage such as *i.a.* Bernard Baruch, Marshall Fields.

There are many interesting facts adduced as to the entry of the U.S.A. into the war in 1917, the activities of Barndi, how the Morgan group, controlling as they did the main supplies of copper, did all they could to prolong the war. It is specifically mentioned that apart from monetary considerations and political concessions the Allies had to pay a "special price" for the U.S.A. entry into the war, *viz.* the Balfour Declaration. The close connection between Puritanism, especially the American kind, and Jewish High finance helped considerably to bring about this step towards the establishment of a Jewish centre of power in Palestine,

part of the plans for world domination by Kuhn Loeb and Co. The latter aim is what the mass of Jews and the world are taught to call "the Kingdom of God." In this connection the author gives true historical appreciations of the Reformation, the rise of the U.S.A., Jewish migrations and similar phenomena.

The most interesting revelation of the whole book however relates to the financing of Hitler by the interrelation of the Warburgs. These revelations are based on a book describing three meetings with Hitler at which finance for the Nazis was negotiated. The author is stated to be Sidney Warburg who is, on circumstantial evidence, no other than James P. Warburg, son of Paul M. Warburg of Kuhn Loeb and Co. The psychological urge under which Warburg was labouring and which made these disclosures necessary to his own conscience are discussed at length. Practically the whole edition was immediately bought up by a Jewish lawyer for the Warburg interests. What books had been sold were searched for by Hitler's secret police. Two copies reached the Austrian Government. Dollfus's murder prevented any use being made of these copies. One copy reached Switzerland where a pamphlet dealing with the revelations was published. Warburgs helped Hitler because of his anti-Jewish attitude. History shows that Jewish persecution has always in the long run benefited Zionism. It was Hitler's task to attack France, the only Allied country to benefit from the financial clauses of the Treaty of Versailles, to start Jewish pogroms, and to bring about chaos in Europe. On one occasion a credit for Hitler was opened in 15 million dollars, on another for 10 million dollars. After all, organised disruption is part of the plan of Kuhn Loeb and Co.

Discussing the psychological background of the Jews and of the leading Zionists in particular, the author puts forward an interesting theory, which, even if it can be disputed on one point, commands attention and is in accord with known facts. In the course of the evolution of man there must have been a period in which instinct and intelligence became recognised in the minds of men as separate and distinct, whereas up to that period they had been perceived as one entity. This represented a step forward in evolution. Similarly it was the mission of the Jews to lead human consciousness out of the mysticism of ancient Egypt and to teach obedience to the Law. Unfortunately the Jews have become entangled in the Law and can not appreciate the further step, the raising of the Spirit into human consciousness. This process was initiated by the Greeks, among whom Homer gave it its first expression, and perfected and fulfilled by Christ. This preoccupation with the Law makes the Jew pre-eminently a people to foster and inhabit a rigidly controlled State. It is their ideal and has been so for 4,000 years. Their development in this respect ceased during that period. Instead of helping man to reach greater heights, their efforts have been to bind him down to the stage reached in the time of Moses. They have put all their strength into prolonging the stage then reached, and in doing so have hindered man's transmutation onto a higher plane, now overdue. Culture and History have therefore passed them by. This theory accounts for the Jew's complete failure to understand Christianity and their active hostility to any attempt to develop the Spirit. It also accounts for the efforts to establish "the Kingdom of God," a World State ruled by the Jewish Law and governed by Kuhn Loeb and Co.

A most interesting book.

## "SPELL-BINDING"

by Norman F. Webb.

"There are really only three alternative policies in respect of a world economic organisation:

"The first is that it is an end in itself for which man exists.

"The second is that while not an end in itself it is the most powerful means of constraining the individual to do what he does not want to do; e.g. it is a system of government. . . .

"And the third is that the economic activity is simply a functional activity. . . .; that the end of man, while unknown, is something towards which most rapid progress is made by the free expression of individuality, and that, therefore, economic organisation is most efficient when it most easily and rapidly supplies economic wants without encroaching on other functional activities."

—Address at Swanwick in 1924, from *Warning Democracy* by C. H. Douglas.

A discussion on the post-election situation in Great Britain, which included a considerable number of references to the Radio Doctor's Party Broadcast, has given rise in the mind of the writer—who incidently had made a deliberate and no doubt prejudiced omission of listening to the doctor's appeal—to the considerations that follow.

It would be useful to our purpose to dispose of the rotund form of the spell-binding secretary of the B.M.A. from the foreground of our landscape at the start. One gathers that Dr. Hill understands his medium and its technique,—as who should do better?—including some of the elementary rules of "publicity", which so few of us who indulge in public speaking succeed in obeying. Apparently he does, and all credit to him for it. The first rule in propaganda or the impressing of an idea on an audience, is not, as many people suppose, condensation, or even brevity, but selection. For the public attitude towards the truth, if indeed it has an attitude, is that of a thirsty man asking for a drink of water, and the orator in his zeal is apt to deluge his audience with a whole bath-full, none of which gets really in. In discounting the Doctor's "contribution to thought" one has to be careful not to overlook the really significant fact, that he was using a genuine technique with skill and unusual restraint.

Why is it that Social Credit speakers cannot be, or at any rate are not, equally successful? Apart however from the matter of skill, one feels it should be recognised that Dr. Hill, and almost all the other election speakers on the air, was addressing himself to the surface thoughts and emotions of his hearers in order to convey a negative message. He was speaking on the side of "the Princes of this world," stimulating his hearers directly to reaction of an automatic kind. Whereas our problem, as Social Credit speakers, is the opposite of that, and our object, not spell-binding, but the underbinding of the spell-bound. Our need is to pierce the crust of immediate reaction and induce preliminary thought, leading to positive and deliberate action, which is an aim, to put it modestly, a considerable step ahead of the Radio Doctor's political harp-playing, which we know as historical fact on another occasion led the procession of the Medical Faculty of Great Britain and Northern Ireland abjectly into the camp of Centralizers.

It was the obvious simplicity of his theme that produced the response. But if it were only simplicity that was wanted, what could be more simple—or obvious to those who have made the effort really to think about it—than Major Douglas's

axiomatic statement which lies at the root of all Social Credit policy and activity regarding "the end of life" and the conditions in which it may best be achieved? What to Douglas appears to be obvious and axiomatic is that, while the end of life is unknown, it is to be attained through the development and enlargement of human consciousness of individual personality and character, and consequently requires the maximum of individual liberty compatible with that of one's associates. There was a time, and not so very long ago, when such a statement would have been subconsciously endorsed by ninety out of a hundred individuals claiming British citizenship, in every walk of life. But the fact that Major Douglas and his followers have been affirming it to mainly unresponsive ears for the last quarter of a century, is not all, or even chiefly attributable to their intellectual or technical inferiority to Dr. Hill. Such a conclusion would be unjustly depressing. We must give full weight to the fact that during the last fifty years or so, the alien and anti-Christian doctrine of Socialism has obtained a tremendous, and largely unrealized mental control over our Press and education and all the other public-opinion-forming agencies in the country, and that much of our lack of success is due to the foothold it has gained in this once Christian fortress of Great Britain, and in its Dominions. For it is appreciation of that affirmation of Douglas's, in one form or another, and not Sunday observances and Psalm-singing, that is the mark of the Christian; even though one should add that psalm-singing, far from being incompatible with such sentiments, represents the source from which they spring. It is, however, a measure of the alien doctrine's progress that Christian simplicity, whatever other sort may appeal to our public, is mainly incomprehensible and strikes no responsive chord.

Even the Radio Doctor, with all his skill and experience, has yet to show whether he could do anything with a theme so contrary to the prevalent and overwhelming current of materialistic propaganda. And in any case he wouldn't try; because like everyone else whom present-day conditions have permitted to rise to any position of even momentarily political significance in the last half-century, he is more or less thoroughly saturated with Fabianism, which is a policy based on a philosophy diametrically opposed to the Christian one of individual salvation. For the Fabian creed might be contrasted with Douglas's axiom and paraphrased thus:— Since the end of life *is* known, but only to us, it is obviously to be achieved by the discouragement of everyone else's ideas and opinions, and the restriction of all fortuitous and natural development of their individuality and independence of mind. This can best be attained in centrally-planned conditions permitting the minimum amount of freedom of choice to the individual compatible with his continued functioning as an effective producing-agent and machine-minder. Can such a philosophy—if you can call it a philosophy—be allowed by any sane individual to pass unchallenged? Or the policy based on it be accepted by anyone under any political label, Labour, Conservative or Liberal, without further question? Who is his mysterious "us" that knows all about life? And if "they" do know our destination, why shouldn't we, who pay for the ticket, be told where we are bound for? All those seem very natural questions, unless, like sheep to the slaughter, we'd rather not know.

We are not now, however, considering ends so much as beginnings. And the difficulty one experiences in dealing

with the Left, and in fact, with all ideologists, is that they always repudiate any idea of carrying out things to their logical conclusion. Even in Russia they do not hold out Forced Labour Camps as an end, but only as a penalty for deviation. This repudiation is made possible by the refusal to examine the beginnings and the implications of the creed they have adopted. That, it is pretty certain, is the invitation to *thought* implicit in Social Credit which makes it unacceptable to the average audience, producing an instinctive revulsion.

If this juncture in the world's history does really represent a major stage in the issue between Christianity and anti-Christ, something much more fundamental than nice distinctions between Mr. Churchill (Harrow) and Mr. Attlee (Haileybury), or even Mr. Bevan (P.E.) is involved, and the electorate is going to be forced to look more deeply and examine the real implications of the shallow and pernicious creed of Socialism that has been cunningly and occultly foisted upon it in the last hundred years: since the publication by Marx and Engels of the Communist Manifesto, in short, for in his heart, as we say, no individual does endorse, for himself—whatever he may be prepared to do for his neighbour,—the silly Socialist pretence that there really are some persons, known and unknown, who actually possess the secret of human destiny, and are capable of steering society towards it; who actually know what is good for the individual in all circumstances better than he does himself, however dim his enlightenment. And all that is implicit in the Totalitarian philosophy—the "beginnings" of the Socialist, that he refuses to examine—which a large majority of contemporary society has been induced to accept and support.

One feels that if we are not to be unduly daunted and depressed by the slowness of our progress in making Social Credit known, and our apparent failure in so many fields, we need to appreciate fully the terrific and truly revolutionary character of the philosophy we profess. In our efforts to find an acceptable form in which society in general can be made to realise not only the hidden flaw in the accounting systems of the world, by the correction of which the whole case for the regimentation of society to meet the present utterly artificial crisis would be blown to atoms, but also its ethical truth, we have been steadily forced back from one stand to another. First it was the mainly analytical and mathematical; then the Parliamentary and Constitutional. And now one begins to feel the pressure in the direction of the ethical; for if Socialism should become really discredited in the public mind, we must be prepared for an overwhelming draw to fill the psychological vacuum that will ensue.

To us who have studied and pondered these matters, every move in "events" only serves to bring out more clearly the almost uncanny constructive perfection of the Douglas Proposals. But how long would it take to educate an electorate in all that? It could never be done. The community will have to come to the technical and methodical aspect of Social Credit *via* a change in its ethical thinking, which alone can renew Christian confidence in a future that is unknown and indescribable, except in terms of individual aspirations of the better kind. "The kingdom of God is within you." As soon as society becomes *resigned* (save the mark!) to that prospect, which is indeed the best possible, then it will be ready to let its technicians make the necessary changes in its Money System.

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Saturday, July, 1, 1950.

### From Week to Week

The only Communist Member of the South African Federal assembly is Mr. Kahn (Cohen). The "B".B.C. simpers when it has to mention him.

As a passing instance of the contemptuous insolence with which it is now the done thing to treat the British and the British Empire, we may note the speech of Pandit Nehru when speaking as a guest of the British Government of Singapore.

Of course, said Mr. Nehru, the British will have to get out of Malaya, as they have had to get out of India and Burma. But if they were to get out now, that would leave an inconvenient problem to be solved. So they must remain until the present fighting, and the threatened difficulties which Indonesia might have to face, had been liquidated at British expense.

And, then, having lost some thousands of British lives and suffered tens of thousands of casualties, imported and developed the rubber, tea, and coffee plantations, the tin and the gold, built the towns, harbours and railways, we are to retire gracefully, not merely without compensation, but owing *Malaya large sterling balances, just like India and Burma.* Waal, waal, waal.

The experiment in mass bribery in preparation for the election which it is hoped will finally eliminate "Britain", proceeds on a scale commensurate with the issues involved.

Any simpleton can see that the combined taxable capacity of the country, the credit-making facilities of the Bank of "England", and the millions of dollars from Wall Street camouflaged as "Marshall Aid" etc., are being poured into what the Americans call the pork barrel, that is to say, the pig bucket. "Full employment?" Why not? Where one man sufficed, use four. And if a fifth comes along, just put him on the pay roll. In any case, *drive in the fundamental idea that a much better living and lots of loot can be had through politics and Trades Unionism than by doing a little work;* and the supply is inexhaustible.

Not since the wild fury of Senator Pittman, Solly Bloom, and Emmanuel Celler when Mr. Chamberlain nearly succeeded in averting the Second Phase of the War in 1938, has there been such an outburst from New York and Washington as that which has greeted the Labour Party's criticism of the so-called Schuman Plan. We cast a mild suspicion on the real origin of the Plan, because its enthusiastic acclaim in quarters of which President Truman ("the cleverest politician and the worst President America has ever had") is the figure-head, shakes our child-like faith. More specifically Messrs. Dillon Read of New York are said to be the im-

mediate sponsors.

It has been admitted that the prominence of the ineffable (but deadly dangerous) Aneurin Bevan and Dr. Hugh Dalton in the Labour Party's revolt against both the Schuman Plan and the Council of Europe seems at first sight to be anomalous, although it assists the Kremlin, but we think that the incongruity is more apparent than real. It should be remembered that a policy of centralisation is always (but only) favoured by individuals who expect to be at the apex of the pyramid. As an *ultimate* policy, all the Leftists favour centralisation but only at the correct moment. There are, beyond all reasonable doubt, three *apparent* World Policies at the present time; Zionism, Communism (with its ancillary policies of the Managerial State and State Capitalism) and World Government. It is more than probable that at the highest levels these are all one; that the U.S.A., Moscow, and Messrs. Bevan and Dalton are all working to the same end, although with a limited comprehension of what that end will be. *But that end involves conflict, as the only alternative to the threat of conflict.* "Only in war, or under threat of war" as Mr. Bevan's friend, Mr. Israel Moses Sieff, said through his P.E.P.

The New Economics. "There is a strong feeling in Scotland that there should be nationalisation of the (salmon and trout) fishing rights, without compensation to the landlord." Mr. Emrys Hughes, (Soc., Ayrshire South).

There is a strong feeling in England that there should be confiscation of the Socialist M.P.'s salary without compensation, because many of the strong feelers hate anyone to have anything.

The Debate on the Earl of Darnley's Motion in the House of Lords, begging the Government to Stop, Look and Listen, was a pathetic performance by all of the cast contributing to it. Fifteen years ago, with the substitution of "Stop Hitler" for "Stop Stalin" it would have been just as appropriate and just as infantile; and the real war-makers must have been equally amused on both occasions.

### Hatred

(From a speech of M. Delpech, Member of the French Senate, 1902).

"The triumph of the Galilean has lasted twenty centuries—but now his day is over. . . . Brother Masons, we rejoice to state that we are not without our share in this overthrow of the false prophets. The Roman Church, founded on the Galilean myth began to decay rapidly from the very day on which organised Masonry was first established."

(From the New York Times, February 23, 1913).

"The aim of the Grand Orient is to destroy all religion, beginning, of course, by crushing Catholicism in France, to overthrow all thrones hostile to its designs and to establish a world-wide republic, but a republic of which its own high priests are to be the dictators."

(From a speech of Lounatchevsky, Minister of Education, Moscow, 1948).

"We hate Christianity and Christians—even the best of them must be looked upon as our worst enemies. They preach the love of our neighbours and mercy, which is contrary to our principles. Down with the love of our neighbours—what we want is hatred. We must learn how to hate and it is only then we shall conquer the world."

**PARLIAMENT**

House of Commons: June 14, 1950.

**Sir Leslie Plummer (Compensation)**

*Mr. Boyd-Carpenter* asked the Minister of Food what sum is to be paid to Sir Leslie Plummer in connection with the termination of his chairmanship of the Overseas Food Corporation; and whether it is to be paid under such conditions as subject it to taxation.

*Mr. Webb*: The sum is £8,000. The period of contract was seven years, at a salary of £5,000 a year, of which period a little more than two years four months will have elapsed when the appointment ends on June 30. The second part of the Question is a matter for my right hon. and learned Friend the Chancellor of the Exchequer and I would refer the hon. Member to the reply which he gave on the subject yesterday.

*Mr. Boyd-Carpenter*: Does the latter part of that answer mean that the right hon. Gentleman does not know whether the method of payment which he has authorised subjects this payment to taxation or not, or does it mean that he does know and is not prepared to disclose the information to this House?

*Mr. Webb*: It means that I do not know. It is a matter for the Inland Revenue. It has nothing to do with me; I do not know.

*Mr. Quintin Hogg*: Is the test this: if you are paid money to go you do not pay tax, and if you are paid money to stay you do?

**Ration Books (Cost)**

*Sir W. Smithers* asked the Minister of Food what was the cost to the tax-payer of printing pages in ration books for points, now rendered unnecessary by the ending of points rationing; and how many books were so printed.

*Mr. Webb*: About £24,000 for 53 million books. As the printing of ration books has to begin about nine months before they are distributed, we clearly had to incur this expense. I am sure the hon. Member would not have wanted me to maintain points rationing merely because we had already printed the coupons.

*Sir W. Smithers*: Is this not another instance of the waste of public money due to the operation of Socialist theories, which, however necessary in war-time, are absolutely unnecessary in peace-time?

House of Commons: June 15, 1950.

**Imported Goods (Marking)**

*Captain Duncan* asked the President of the Board of Trade what steps he takes to ensure that goods imported into this country and marked "Empire Made," are in fact, made in the Empire.

*Mr. H. Wilson*: The sale in the United Kingdom of goods falsely marked as to origin is an offence under the Merchandise Marks Act, 1887. Any person may prosecute the offender, and the Board of Trade is empowered to prosecute where this appears to be in the public interest. If goods are improperly marked at importation, they can be confiscated by the Customs.

*Captain Duncan*: Will the right hon. Gentleman look at this boy's shirt, which is marked "Ever Lucky—Empire

Made," which I bought the other day in a retail shop in Scotland, and for which I paid 3s. 6d.? To make such a shirt in this country would cost 3s. 6d. for the raw materials alone. Will he look into this sort of case, which, if it becomes general throughout the country, will ruin British industry?

*Mr. Wilson*: I will certainly look into it. At this distance, the shirt would appear to have come from Hong Kong, which is within the Empire and so that such a mark would be appropriate. There have been a number of suggestions that shirts marked "Made in Hong Kong" have come from Japan, and we have investigated these cases. If we find any cases of incorrect marking, we shall not hesitate to take action.

*Mr. Turton*: Has the Minister instituted any prosecutions in this matter in the last 12 months?

*Mr. Wilson*: I should want notice of that question.

*Sir R. Ross*: Has the right hon. Gentleman had any luck in catching Japanese sending shirts to Hong Kong?

*Mr. Wilson*: There has not been any evidence to prove that that is going on, but if any hon. Member could give me evidence I should be glad to see it.

**Naturalisation Certificates**

*Sir Waldron Smithers* asked the Secretary of State for the Home Department the number of aliens who have received British nationality for each year since the war; and the monthly figures since January 1, 1950.

*Mr. Ede*: Since the end of the war 50,062 certificates of naturalisation have been granted. I will, with permission circulate in the OFFICIAL REPORT the annual and monthly figures for which the hon. Member asks.

*Sir W. Smithers*: What steps has the right hon. Gentleman taken to see that none of these people who are naturalised are undesirable and that none of them are Communist agents?

*Mr. Speaker*: The hon. Member only asked for figures.

Following are the figures:

Certificates of naturalisation granted and registered during the period May 1, 1945, to May 31, 1950:

1945	(May 1, to December 31.)	407
1946	...	3,630
1947	...	17,742
1948	...	15,108
1949	...	9,593
1950—		
January	...	861
February	...	731
March	...	899
April	...	571
May	...	520
		50,062

House of Commons: June 16, 1950.

**FINANCE BILL**

Considered in Committee.

Clause 20.—(SURTAX TO BE CHARGED ON CONSIDERATION FOR CERTAIN RESTRICTIVE COVENANTS, etc.)

*The Chairman*: I have selected the Amendment in the name of the hon. and learned Member for Norwich, South (Mr. H. Strauss), in page 12, line 26, and I hope it will be convenient to the Committee to discuss at the same time the Amendment of the hon. and learned Member for Hove (Mr. Marlowe), in page 13, line 27, to leave out subsection

(3) and the Amendment of the hon. and learned Member for Ilford, North (Mr. G. Hutchinson)—in page 13, line 27, at end, insert:

“payments made by virtue of agreements made after the sixth day of April, nineteen hundred and forty-seven, and to.”

*Mr. Marlowe (Hove):* Without in any way seeking to question your Ruling, Major Milner, may I ask you to consider the diversity of view which occurs between the Amendment of my hon. and learned Friend the Member for Norwich, South (Mr. H. Strauss) and my Amendment? My Amendment seeks to impugn the idea of retrospective legislation altogether. The Amendment in the name of my hon. and learned Friend accepts the idea of retrospective legislation for one year, from the time the Chancellor made his announcement. In my submission those Amendments are not such as to be fairly convenient to be taken together and, in view of the fact that your Ruling indicates that you have not selected my Amendment, may I ask you to reconsider the matter and that it should be selected separately, in view of the fact that it has the support of more than 95 hon. Members?

*The Chairman:* I am much obliged to the hon. and learned Member. I have fully considered those points. It is my duty to expedite the business of the Committee in so far as it is possible. . . .

*Mr. Marlowe:* . . . The problem I want to put before the Committee is the general one of whether retrospective legislation is ever justified. My hon. and learned Friends, in their Amendments, have accepted the principle that there are certain cases, particularly in fiscal matters, in which the principle is permissible. I hold strongly to the view that retrospective legislation, when it imposes any kind of penalty, is never justified. I emphasise the words “when it carries a penalty” because there is a considerable distinction between penal legislation and an act of indemnity. No one would question an act of indemnity; it may be a very meritorious form of retrospective legislation. But I hold strongly to the view that where a penalty is imposed—in this case upon a person who has acted within the law perfectly innocently—it is utterly wrong to go back and punish the man for something which was lawful at the time he did it. It is a principle of our law that no one should be penalised for doing a lawful act.

I also believe that contracts between adult persons competent to conduct their affairs should not be made the subject of later legislation which undoes the contracts so made. The law has always recognised that there are certain people—infants and lunatics—who need protection, and it may be justified that their contracts should be the subject of subsequent investigation either by the courts or by Parliament, but I think that it is very undesirable that contracts made in this way should be subsequently torn up by the intervention of a political party, which is, of course, what is happening in this case. I only take this case as an example, for I do not seek to defend for one moment the two particular covenants which this Clause hits.

*Mr. Donovan (Leicester, North-East):* Is it really right to say the contract has been torn up?

*Mr. Marlowe:* I should have thought so. The contract is, as I understand it—and I do not wish to elaborate on this point because I do not defend the practice itself—that these two gentlemen entered into covenants to restrict their future activities in consideration of payments of the sum of £100,000. The contract has been torn up to the

extent that, by the action of the Chancellor of the Exchequer, the contract is reduced from £100,000 to £5,000, because taxation amounts to £95,000.

I am not praising the merits of these particular covenants, nor do I support them. I would support a Clause which stated that this kind of covenant should not be permitted in the future. That I would consider a perfectly proper Clause. What I object to is that these contracts having been made, there should be retrospective legislation affecting them to the extent that they are virtually nullified.

The matter would be bad enough if it stopped at contracts, but once the principle is admitted there is no reason whatever why the field of retrospective legislation should not be extended to crime. That has been done in dictatorship countries. It was done regularly in Germany before the war and, as far as I know, is probably regularly done in Russia today. I remember that on the occasion of the “night of the long knives” in the Nazi purge, Hitler claimed afterwards that he was entitled to act as he did because he had declared illegal the acts of those who had offended. What they had done was to offend—exactly as in this case—against the party line. That is exactly what has happened here, and therefore the law is being changed back.

The justification is that a pronouncement was made in the House by the Chancellor of the Exchequer a year ago. I do not subscribe to the idea that the law of this country is made by the Chancellor of the Exchequer standing up in the House and making a pronouncement. The law is made by Parliament, and not by any *pronunciamento* by the Chancellor of the Exchequer. He cannot change our law by saying, “Anybody who incurs my displeasure by entering into covenants of this kind will have a penalty imposed on him.”

*Mr. Hector Hughes (Aberdeen, North):* The hon. and learned Member has admitted that these two contracts are unmeritorious attempts to evade taxation. [HON MEMBERS: “No.”] If that is so, does he not agree that this is a suitable case in which, exceptionally, to apply retrospective legislation?

*Mr. Marlowe:* What I have been saying is precisely the reverse of what the hon. and learned Gentleman has just said. The whole of my case is that there is no justification for interfering with these or any other arrangements on this basis. I reaffirm the principle that the law does not allow punishment to be inflicted on a person for an act that was lawful at the time. The hon. and learned Gentleman completely begs the question when he says, “Was not this tax evasion?” in other words, was not this an offence? The answer is that it was not an offence. It was perfectly lawful. You may call it immoral, if you like; I do not know enough about the terms of the contracts, or the circumstances.

The point is that at the time of the offences the law permitted them. These two gentlemen and the companies with which they are associated were conforming to the law as it then stood. What I find deplorable is that, after persons have acted within the law, the Government, because it offends their party line, says it was unlawful. It was not. It is an immoral thing for any Government to declare afterwards something unlawful which was perfectly lawful at the time it was done. I speak only for myself and those who have supported me by putting their names on the Order Paper. I do not want it to be thought that in this Amendment I am committing any member of my party to

this view. It is purely the view of myself and those who have associated themselves with me.

It is accepted by my right hon. and learned Friend the Member for West Derby (Sir D. Maxwell Fyfe) that some degree of retrospective legislation is permissible. I disagree with him in that. What is the argument that has been put in favour of this form of retrospective legislation? The only one I have heard, apart from the pronouncement of the Chancellor last year, is that there are precedents. I agree there have been precedents, and it is because of them that it becomes the more necessary for us to take stock and see whether we are going the right way. I have a definite feeling that we are going the wrong way.

I think it necessary to go back to the principle that nobody should be penalised for doing an act which was lawful at the time it was done. That is the principle to which I adhere. If there have been precedents and they offend against that principle, they become as precedents utterly valueless. It would be unworthy of us if we decided that a principle was right, to say that looking back we found we had offended against that principle and we were, therefore, justified in going on doing so. Nobody of any party would feel justified in following a principle, and violating it merely on the ground that it had been violated before.

Again, coming back to the principle which I think it important to see established, the question of precedent becomes even more valueless when we realise the effect of it. Assuming the principle to be correct, every precedent whittles away something from that essential freedom. If this principle that a man should not be punished for doing a lawful act is, as I believe it to be, a basic principle of one of our freedoms, then every time there is another precedent we are taking something away from that freedom, and we can ultimately justify ourselves, by going on from precedent to precedent, in abolishing that freedom altogether. That is one of the reasons which drives me to the belief that it is absolutely necessary to make a stand, and it is for that reason that I have put my Amendment on the Order Paper.

Now I want to draw the attention of the Committee to the dangers that can come from adhering to these precedents. As a matter of fact, they are not of ancient lineage. The first was in 1926 and was not a case of tax avoidance. It was a Clause in the Finance Bill, 1926, and the Solicitor-General will remember it. It was a clause in which the Revenue, having lost the case of *Wheelan v. Henning* in the House of Lords sought to gain victory by putting a Clause into the Finance Bill. What they did was to reverse the decision of the House of Lords in that case which related, not to tax avoidance, but to the method of assessment. It could have been said at that time—and this is the danger of these precedents—that there were certain merits in it. It had been assumed over a long period that a method of assessment was so-and-so and, the case in the House of Lords having said it was not so, the Finance Act of 1926 merely sought to reassert the position which everybody had thought to be the case, but it did not penalise anybody.

That formed the first precedent and that was the danger when, some years later, Sir Kingsley Wood when Chancellor of the Exchequer, wanting to go in for some retrospective legislation, went back to that precedent. Once more, although a tax avoidance case, that was not one which inflicted actual penalty by seeking to recover some money that had not been paid. Then there was a series of cases.

There was another in the 1938 Finance Act where the dates of settlements were ante-dated. . . .

The most notable precedent during the war was the 1943 one relating to whisky, on which my right hon. and learned Friend the Member for West Derby can speak with more authority than myself, because it was his Clause. I differ from him in this matter because he considers himself bound by that precedent whereas, if I were in his position, I should have no difficulty in exonerating myself from that past.

The whole argument against retrospective legislation is that it threatens the rule of law. I do not think a war-time precedent is of any account at all. In time of war the rule of law is in suspense. Many things are done in war-time which offend the rule of law. After all, it is not normally within the rule of law for us to set about killing each other, and it is fair to say that the rule of law is abrogated. I do not think we should feel in the least bound by any war-time precedent in this matter.

It is essential to come back to the principle which I have expounded. Do we accept or not the idea that a man should be punished for doing an action which is lawful at the time he did it? However much we may regard it as immoral or reprehensible, the law should not be altered backwards to bring that man within its scope. That is a principle to which I feel I must adhere. We find very often in these days cases in which principle is sacrificed to expediency, but I think it would be deplorable in a case like this to say that these two men who have made a good bargain and have more than the rest of us must be punished in this way. That has undoubtedly good political appeal, but I do not believe we should support it because of that. The Committee should come back to this principle and if they accept it as true, take this opportunity of reaffirming it.

*Mr. Quintin Hogg (Oxford):* . . . I think most of us on both sides of the Committee would accept with wholeheartedness the principle upon which the hon. and learned Gentleman alleged he founded his argument—namely, that people should not be punished for doing that which is lawful at the time. But I imagine that most of us also would feel some doubt whether that principle has actually been infringed in this case, whatever we may think about the advisability or correctness of this particular piece of legislation. I am sure hon. Members opposite would like it to be infringed. I do not feel it has been infringed. If I thought it had been, I would say so and oppose it on that ground, but there is a great distinction between what is lawful and what is taxable and between what is a punishment and what is a tax. Nobody is saying, or attempting to say, in this proposed legislation that what is proposed to be taxed is regarded as unlawful or criminal or proved to be such, or to be punished as such.

Therefore, although it is a valuable principle which has been set up from which I would not desire to depart, I am not sure that it is a fair attack upon this proposal that it infringes that principle. Having said that, I do not think that I have quite overcome all the difficulties about this proposal. I simply have disposed, for my own part, of an argument which I think is an unfair one against it.

It is not, I think, generally or necessarily desirable that that which is not subject to tax at the time when it is done should be rendered retrospectively subject to tax; and whatever expenses we may recognise as expenses from time

to time, and whether or not this is a good example of such expenses as we propose to recognise, I think there would be fairly general acceptance on both sides of the Committee that in general, at any rate, it was not desirable to impose taxation retrospectively on completed transactions. Such a course would, I think, render great injustice if it were pursued on an extensive scale, and it would be attended by many practical inconveniences.

If the Government propose to answer the speeches which have been made on this Amendment, I hope they will confirm my opinion that, quite irrespective of the merits of this particular proposal, the general principle is that if the transactions are not subject to tax at the time the transactions are completed, they shall not be made subject to tax retrospectively, and it is not the design of this proposal to impugn that, and that the general principle will be accepted. I hope we shall have that assurance and, if we do, I think it will help a great deal to dispel some of the doubts which some of us may feel....

### Is The Pool Plan Schuman's?

The following letter appeared in the Dundee Courier on June 5:—

Dear Sir,—Much publicity is being given to the proposed pooling of Western Europe's coal and steel production.

At the moment Britain is said to be "dragging her feet," but I am sceptical about that. Keeping in mind how many times devaluation was denied by our Chancellor, I cannot help feeling that the present situation is but another slick move on the political chess-board.

It is only a few weeks since the "plan" was made known publicly over here and presented as "Schuman's," when actually the following is part of the question and answer testimony as given to American Congress as far back as February 14, 1949.

Mrs. Bolton—"What has been accomplished in getting the coal that comes from the Ruhr, the Saar, and Great Britain? Are they coming together adequately?"

Mr. Finletter—"I think that is one of the objectives of Mr. Harriman's organisation in Paris. Of course, I see only the British side to that, but I do know that Mr. Harriman's organisation is concerned with precisely that type of integration of iron ore and coal to which you refer."

I checked up on this with the Economic Co-Operation Administration when in London some days ago, and learned that economic integration on these lines is part of the agreement for Marshall Aid.

It is to be regretted that so many of our M.P.s and trade union leaders are indifferent to the inherent danger of our participation in the pooling of our coal and steel and the establishment of a high authority whose powers would call for a degree of abandonment of national sovereignty.

Much is at stake if this goes through, and I would suggest that our politicians, in considering such a step as European economic integration through vital industries like coal and steel, are violating the British Constitution—

Yours truly,  
Elizabeth M. Pattullo,  
President,  
Scottish Housewives' Association.

Sandyford, Kirriemuir, June 1, 1950.

### From our Post Bag

"No doubt you have seen the proposed Health Scheme for Australia, based on the principles of fee-for-service, subsidisation by the Government and Insurance, the whole thing depending on individuals themselves taking medical insurance either through the Lodges or the Unions or with an Insurance Company. On paper it seems the proper answer to the financial problems of medical care; and other schemes are, I think, mainly phoney.

"Page has criticised the British and New Zealand schemes, mainly because of the abuses to which they led and their extravagance. However, I think we have got the scheme promised because the profession generally in Australia is more aware of the issues at stake; and again there is some evidence that the Council would have agreed to something more like the British scheme in the National Insurance days, except for the action of our local Association in resigning from the Lodges specially to block any such development.

"There is a good deal of division of opinion about the Australian Anti-Communist Bill; but on the whole, I think it has public support. Its main importance seems to me to be in the publicity it gives to Communist tactics. That educates people generally concerning the technique of conspiracy, so that perhaps what Social Crediters have to say will gain a better hearing."

## BOOKS TO READ

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