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FOR POLITICAL AND ECONOMIC REALISM

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THE IDES OF MARCH

By C. H. DOUGLAS

There can be no understanding of the situation which confronts the population of these Isles which is not based on its relation to certain axioms, of which, for the immediate purpose, perhaps the most important is that all Government, as the man in the street understands the word, is a conspiracy against the individual—not one kind of Government, but *all* Government, *per se*. That is the basic truth which is embodied in the Creed of Anarchism, and it is a truth, but not a comprehensive truth. So far as human intelligence carries us, Government appears to be only tolerable when it is trinitarian, and embodies *in itself*, and not merely, or importantly, in the method of its creation, certain fundamental checks and balances which are independent of its forms of procedure and in fact transform its nature. "All power tends to corrupt; absolute power corrupts absolutely." An appreciation of this irreconcilable antagonism between trinitarianism and monopoly is the first step to an understanding of our necessities.

The importance of, and the opportunity afforded by the electoral stalemate can be seen in the light of this consideration to depend on its effect in weakening Government in its current conception, and the bare possibility that during this very temporary paralysis, far reaching reforms of the Constitution can be inaugurated. It is a bare possibility; but if it is not seized, it is unlikely ever to occur again, and our day is done. That is the measure of our plight.

It is a curious instance of the political instinct (not intelligence) of the ordinary man and woman that the nature of the opportunity is widely sensed. By far the most general comment heard is, in effect "Well, that'll make 'em think"—*i.e.*, stop them acting.

It is of course true that mass bribery, with stolen property, has never reached such proportions previously in this country as under the Socialists, and that while not everyone likes bribery, most people can learn. But they are not grateful for it; and there is a widespread feeling that the main loot is going elsewhere.

Now, it must be fairly obvious that if it is true, and it is true, that the strongest and most centralised Government which this country has had since Cromwell has produced results in five years which have stimulated what political sense remains to us to regard a weak Government as desirable, even if its predecessor has used unlimited bribery to conceal the iron hand under a temporary velvet glove, it must be, not the velvet, but a doubt of its wearing qualities, which is influencing men's minds and votes. Even the unquestionable reaction of the middle-classes to the Shinwells and Bevans, with their verminous and tinker's-cuss mentality, is closely connected with the main fear—instability. It is recognised that such men do not control successful undertakings; and the native British are beginning to think that a little success

wouldn't do us any harm.

We want protection against such men; and protection against the Shinwells and Bevans and more sinister figures in the political arena and behind it means stripping from them the carefully constructed defence of Government immunity.

There is one place at which to begin the task before us—an examination of the whole validity of House of Commons omnipotence as laid down, for instance, by Professor Laski. A tyranny is not less a tyranny because it is called a Cabinet; it is what a Government *can* do (because sooner or later, the power which a Government usurps it will use) quite as much as what it has done, which requires attention. Such an examination if properly conducted would uncover not merely centralised Government, but centralised finance—the essential difference between the pre-Cromwellian Government and the tyranny which masquerades as its contemporary and legitimate descendant.

"Render unto Cæsar—" yes, but that is not an endorsement of unlimited robbery on the ground that Cæsar is omnipotent.

Klaus Emil Fuchs

The trial took place before the Lord Chief Justice (Lord Goddard), at the Central Criminal Court on March 1 of Klaus Emil Fuchs, 38, of Hillside, Harwell, Berkshire, committed for trial from Bow Street Court on February 10, on charges under the Official Secrets Act. He pleaded "Guilty" to the four counts on the indictment, and was sentenced to 14 years' imprisonment.

The counts on the indictment were:—

That on a day in 1943 in the city of Birmingham for a purpose prejudicial to the safety or interests of the State he communicated to a person unknown information relating to atomic research which was calculated to be, or might have been, or was intended to be, directly or indirectly useful to an enemy.

That on a day unknown between December 31, 1943, and August 1, 1944, he, being a British subject, in the city of New York, committed a similar offence.

That on a day unknown in February, 1945, he, being a British subject, at Boston, Massachusetts, committed a similar offence; and

That on a day in 1947, in Berkshire, he committed a similar offence.

Passing sentence, the Lord Chief Justice said:—

"In 1933, fleeing from political persecution in Germany, you took advantage of the right and privilege of asylum which has always been the boast of this country to extend to people persecuted in their own country for political opinions.

"You have betrayed the hospitality and protection given to you with the grossest treachery. In 1942, in return for

your offer to put at the service of this country the great gifts providence has bestowed upon you in scientific matters you were granted British nationality.

"From that moment, regardless of your oath, you started to betray secrets of vital import for the purpose of furthering a political creed held in abhorrence by the vast majority of this country, your object being to strengthen that creed which then was known to be inimical to all freedom-loving countries. There are four matters which seem to me the gravest aspect of your crime.

"First, by your conduct you have imperilled the right of asylum which this country has hitherto extended. Dare we now give shelter to political refugees who may be followers of this pernicious creed and who well may disguise themselves to bite the hand that feeds them?

"Secondly, you have betrayed not only the projects and inventions of your own brain, for which this country was paying you and enabling you to live in comfort in return for your promise of secrecy, but you have also betrayed the secrets of other workers in this field of science not only in this country but in the United States, and thereby might have caused the gravest suspicion to fall on those you falsely treated as friends and who were misled into trusting you.

"Third, you might have imperilled the good relations between this country and the great American Republic with whom his Majesty is allied.

"Fourthly, you have done irreparable and incalculable harm both to this land and to the United States and you did it, as your statement shows, merely for the purpose of furthering your political creed.

"I am willing to assume that you have not done it for gain. Your statement shows the depth of self-deception into which people like yourself can fall. Your crime is only thinly differentiated from high treason. But in this country we observe rigidly the rule of law and as, technically, it is not high treason you are not tried for that offence.

"I have now to assess the penalty which it is right I should impose. It is not so much for punishment that I impose it, for punishment to a man of your mentality means nothing. My duty is to safeguard this country. How can I be sure that a man of your mentality, as shown in that statement you have made, may not at any other minute allow some curious working in your mind to lead you further to betray secrets of the greatest possible value and importance to this land?

"The maximum sentence Parliament has ordained is 14 years. That is the sentence I pass upon you."

The New Ministry

The King has approved the following appointments:—

MEMBERS OF THE CABINET

Prime Minister and First Lord of the Treasury:

The Rt. Hon. Clement Richard Attlee, C.H.

Lord President of the Council:

The Rt. Hon. Herbert Morrison.

Secretary of State for Foreign Affairs:

The Rt. Hon. Ernest Bevin.

Chancellor of the Exchequer:

The Rt. Hon. Sir Richard Stafford Cripps, K.C.

Minister of Town and Country Planning:

The Rt. Hon. Hugh Dalton.

Lord Privy Seal:

The Rt. Hon. Viscount Addison, K.G.

Chancellor of the Duchy of Lancaster:

The Rt. Hon. Viscount Alexander of Hillsborough, C.H.

Lord Chancellor:

The Rt. Hon. Viscount Jowitt.

Secretary of State for the Home Department:

The Rt. Hon. James Chuter Ede.

Minister of Defence:

The Rt. Hon. Emanuel Shinwell.

Minister of Labour and National Service:

The Rt. Hon. George Alfred Isaacs.

Minister of Health:

The Rt. Hon. Aneurin Bevan.

Minister of Agriculture and Fisheries:

The Rt. Hon. Tom Williams.

Minister of Education:

The Rt. Hon. George Tomlinson.

President of the Board of Trade:

The Rt. Hon. James Harold Wilson, O.B.E.

Secretary of State for the Colonies:

The Rt. Hon. James Griffiths.

Secretary of State for Scotland:

The Rt. Hon. Hector McNeil.

Secretary of State for Commonwealth Relations:

Mr. Patrick Chrestien Gordon-Walker.

MINISTERS NOT IN THE CABINET

First Lord of the Admiralty:

The Rt. Hon. Viscount Hall.

Secretary of State for War:

The Rt. Hon. Evelyn John St. Loe Strachey.

Secretary of State for Air:

The Rt. Hon. Arthur Henderson, K.C.

Minister of Fuel and Power:

The Rt. Hon. Philip John Noel-Baker.

Minister of Transport:

The Rt. Hon. Alfred Barnes.

Minister of Supply:

The Rt. Hon. George Russell Strauss.

Minister of State for Economic Affairs:

The Rt. Hon. Hugh Todd Naylor Gaitskell, C.B.E.

Minister of National Insurance:

The Rt. Hon. Edith Summerskill.

Minister of Food:

Mr. Maurice Webb.

Minister of Civil Aviation:

The Rt. Hon. Lord Pakenham.

Minister of Pensions:

The Rt. Hon. Hilary Adair Marquand.

Postmaster-General:

The Rt. Hon. Ness Edwards.

Minister of Works:

Mr. Richard Rapiet Stokes, M.C.

Minister of State for Colonial Affairs:

Mr. John Dugdale.

Minister of State:

Major the Hon. Kenneth Gilmour Younger.

Paymaster-General:

Lord Macdonald of Gwaenysgor.

Attorney-General:

The Rt. Hon. Sir Hartley William Shawcross, K.C.

Lord Advocate:

The Rt. Hon. John Wheatley, K.C.

Solicitor-General:

The Rt. Hon. Sir Frank Soskice.

Solicitor-General for Scotland:

Mr. Douglas Harold Johnston, K.C.

JUNIOR MINISTERS

Admiralty—Parliamentary and Financial Secretary:
Mr. Leonard James Callaghan, M.P.
Civil Lord:
Mr. Walter James Edwards, M.P.

Agriculture and Fisheries—Parliamentary Secretaries:
Lord Huntingdon.
Mr. George Alfred Brown, M.P.

Air Ministry—Parliamentary Under-Secretary of State:
Mr. Aidan Merivale Crawley, M.P.

Ministry of Civil Aviation—Parliamentary Secretary:
Mr. Frank Beswick, M.P.

Colonial Office—Parliamentary Under-Secretary of State:
Mr. Thomas Fotheringham Cook, M.P.

Commonwealth Relations Office—Parliamentary Under-Secretary of State:
Lord Holden.

Ministry of Education—Parliamentary Secretary:
Mr. David Rennie Hardman, M.P.

Ministry of Food—Parliamentary Secretary:
Mr. Stanley Norman Evans, M.P.

Foreign Office—Parliamentary Under-Secretaries of State:
Lord Henderson.
Mr. Ernest Albert John Davies, M.P.

Ministry of Fuel and Power—Parliamentary Secretary:
Mr. Alfred Robens, M.P.

Ministry of Health—Parliamentary Secretary:
Mr. Arthur Blenkinsop, M.P.

Home Office—Parliamentary Under-Secretary of State:
Mr. Geoffrey Stanley de Freitas, M.P.

Ministry of Labour and National Service—Parliamentary Secretary:
Mr. Frederick Lee, M.P.

Ministry of National Insurance—Parliamentary Secretary:
Mr. Harry Bernard Taylor, M.P.

Ministry of Pensions—Parliamentary Secretary:
Mr. Charles James Simmons, M.P.

Post Office—Assistant Postmaster-General:
Mr. Charles Rider Hobson, M.P.

Scottish Office—Parliamentary Under-Secretaries of State:
Mr. Thomas Fraser, M.P.
Miss Margaret McCrorie Herbison, M.P.

Ministry of Supply—Parliamentary Secretary:
Mr. John Freeman, M.P.

Ministry of Town and Country Planning—Parliamentary Secretary:
Mr. George Samuel Lindgren, M.P.

Board of Trade—Parliamentary Secretary:
Mr. Hervey Rhodes, M.P.
Secretary for Overseas Trade:
Mr. Arthur George Bottomley, M.P.

Ministry of Transport—Parliamentary Secretary:
Lord Lucas of Chilworth.

H.M. Treasury—Parliamentary Secretary:
Mr. William Whiteley, M.P.
Financial Secretary:
Mr. Douglas Patrick Thomas Jay, M.P.

War Office—Parliamentary Under-Secretary of State and Financial Secretary:
Mr. Michael Stewart, M.P.

Ministry of Works—Parliamentary Secretary:
Lord Morrison.

The King has also been pleased to approve that Mr. Patrick Chrestien Gordon-Walker, Mr. Maurice Webb, and Mr. Richard Rapiet Stokes, M.C. be sworn of His Majesty's

most honourable Privy Council.

Mr. Herbert Morrison will continue to be Leader of the House of Commons, and Lord Addison, Leader of the House of Lords.

"Dedication"

A press notice from the Country Landowners' Association states that at a special council meeting of the Association in London on March 2, a resolution was passed advising members who owned suitable woodlands to proceed with their "dedication."

The "Dedication" Scheme for private woodlands says the notice, was launched by the Forestry Commission in 1946 in an endeavour to build up the country's home timber resources which were badly depleted by war-time fellings. The principles of the scheme are that any owner undertaking to "dedicate" his woods in perpetuity must make timber production his main object, and work to a plan of operations agreed with the Forestry Commission. In return for "dedication" the Forestry Commission gives financial assistance on one of two bases at the owner's option; either he is repaid 25 *per cent.* of the approved net annual expenditure on his woods; or he is allowed loans and grants for planting and maintenance.

Progress with the scheme has hitherto been held up because owners were dissatisfied with the terms of the "Dedication" deed of covenant, and with the low level of controlled prices for their standing timber. Both these handicaps have now been removed after prolonged negotiations with the Government by the United Kingdom Forestry Committee (representing woodland owners of England, Scotland and Wales). The price of standing timber was de-controlled last December, and the deed of covenant has been revised in accordance with owners' wishes.

Now the scheme has received the backing of the constituent bodies of the U.K. Forestry Committee, it seems likely that many more owners will decide to "dedicate" their woods, and a marked improvement in their management will probably take place. A powerful incentive to "dedication" is that the owner is guaranteed against the compulsory acquisition of his woods by the Forestry Commission provided they are managed according to the approved plan. On the other hand if owners decline to "dedicate" when their woods are considered suitable, financial assistance will not be available, and the Forestry Commission is empowered to acquire their woods compulsorily.

It is estimated that there are two million acres of woodlands in the United Kingdom suitable for "dedication."

REALISTIC CONSTITUTIONALISM

(Notes for an Address to the Constitutional Research Association at Brown's Hotel, Mayfair, May 8, 1947)

by C. H. DOUGLAS

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The Menace*

In September 1918, M. Oudendyk, the Netherlands Minister at Petrograd, wrote to the British Minister at Christiania from personal observation of the Communist Revolution in Russia. He said, *inter alia*, "... unless ... Bolshevism is nipped in the bud immediately, it is bound to spread in one form or another over the whole world, as it is organised and worked by Jews who have no nationality, and whose one object is to destroy for their own ends the existing order of things."

This communication was passed on to the British Government, who seven months later incorporated it in a White Paper. This, however, was withdrawn almost immediately on publication, and replaced by an abridged version which omitted M. Oudendyk's warning.

The emphasis in the passage quoted is ours. It *must* be realised that so-called Communism is only one adaptation of a policy which is being relentlessly pursued in practically every country in the world. The policy is centralisation, MONOPOLY, leading to One World Government; and it is being "organised and worked by the Jews for their own ends."

The Social Crediter draws attention to the importance of questioning the axioms as well as the propositions of the enemy. Now contemporary official economic doctrines are based on axioms many of which are deliberately false, and deliberately destructive. But if they are accepted, and policies are based on them, then *any* Government, no matter how "anti-Communist," will further the Communist—*i.e.*, Judaic—policy. Conversely, a challenge to these axioms will very quickly reveal the human forces whose ends they serve, just as happened in Alberta.

It is "Communism" as concealed in current economic and political axioms which constitutes our great danger; but the real menace lies in the purpose of those who benefit by the destruction they cause. There is nothing for it but a challenge to them and their purpose.

London Meeting of Social Crediters

Dr. Tudor Jones has accepted the invitation of the London Douglas Social Credit Group to address a meeting under its auspices on Wednesday, March 29. Notification of time and place will appear later. In the meantime, since the meeting will not be confined to members of the group, will regular readers of this paper who may wish to attend please apply for tickets to Mrs. B. M. Palmer, 35, Birchwood Avenue, Sidcup, Kent?

Mr. Strachey and Communism

Since the later editions of the *Evening Standard* of March 2, in which the newspaper asserted that Mr. Strachey, "now, by virtue of his office, one of the principle Ministers called upon to carry out the purge of M.I.5, the military intelligence service, following the Fuchs scandal," had never publicly retracted his belief in Communism, pages of the newspaper have been devoted to this attack which drew a statement from 10, Downing Street. Other newspapers, including *The Times*, have published extracts from the material. Mr. Strachey himself replied late on the night of March 3. A point by point answer appeared in the *Evening Standard* for the following day, the following being the conclusions:—

"The whole of Mr. Strachey's considered evidence, which he adduces in his support, amounts to this:

"1—He was sincerely convinced of the need to win the war against Germany, and on this issue fell out with the Communist Party of Great Britain, of which, though not a member, he had until then been a known supporter and principal theoretician.

"2—He has become sincerely convinced that the totalitarian brand of Communism pursued by the present leaders of the Russian regime is a spurious brand.

"3—The methods and reasoning by which he reached these conclusions are Marxist. He remains a Marxist, and has not yet produced evidence that at any time he retracted from his adherence to Communism as a creed, although he now violently disagrees with the particular interpretation put upon that creed in Russia and by the organised Communist Parties outside Russia.

"4—He has endeavoured to side-step the gist of the *Evening Standard's* report on him by drawing a veil of confusion over the difference between Communism as a theory of society and Communism as interpreted by current Russian practice.

"5—We are, therefore, left with two questions: (a) Does Mr. Strachey believe that Communism is the ultimate aim for Britain? (b) Does he believe that Socialism is only a stepping stone towards this ultimate aim?"

The British Constitution

Current Books, Reviews and Historical Sources

The Times Literary Supplement:—February 24.

"British Political Tradition," a review of *The Debate on the American Revolution* (Beloff) and *The Debate on the French Revolution* (Cobban) [both Kaye].

"The Ford Lectures," a review of *Legislation of Edward I* (T. F. T. Plucknett) [Clarendon Press].*

Magna Carta: Its role in the making of the English Constitution, 1300-1629. By Faith Thompson (University of Minnesota Press).*

*The works so marked will later become available to readers through the Social Credit Library.

*From *The Australian Social Crediter* of February 11.

Major Douglas's

"The Labour Party and Social Credit"

[FOLLOWING UPON MR. NORMAN WEBB'S RECENT REFERENCE TO THIS SERIES OF ARTICLES, FIRST PUBLISHED BY MAJOR DOUGLAS IN 1922, AND EARLIER REFERENCES, REQUESTS HAVE BEEN MADE FOR A REPUBLICATION OF THE MATERIAL AS HAVING SOME DIRECT BEARING ON THE PRESENT POLITICAL SITUATION AND THE PROBABLE COURSE OF THE DEVELOPMENT OF SOME OF ITS OUTSTANDING FEATURES, e.g., THE AUTHENTICITY OF THE CLAIMS OF THE LABOUR PARTY AND THE T.U.C., JOINTLY OR SEVERALLY TO "REPRESENT" "LABOUR." WE PUBLISH HERE THE MATERIAL AS IT APPEARED IN THE FIRST INSTANCE, SINCE TO DO OTHERWISE WOULD ROB IT OF A PART, NOT A MINOR PART, OF ITS EVIDENTIAL VALUE.—Editor, T.S.C.]

Some sixteen months after its constitution, the Committee set up by the Labour Party has presented its Report on what it terms the Douglas-NEW AGE Credit Scheme, by which presumably is meant the Draft Scheme for the Mining Industry. It is an important Report, not as containing any contribution to the solution of the problems with which it purports to deal or as advancing any valid or competent criticism of the principles or details of Social Credit, but rather as a concrete instance of the defective working of Labour Party organisation; defective, that is, in the sense that the aims of the rank and file and the Central Executive have not so much in common as those of the Central Executive and their alleged adversary the "Capitalist."

To those painstaking students of *Economic Democracy* who have grasped the bearing of the analysis of centralised organisation contained in the earlier chapters of that book, on the more obviously practical conclusions of the later chapters, the spectacle of a Committee appointed by a centralised Labour Party to examine the Douglas-NEW AGE Mining Scheme, reporting almost automatically in favour of "Nationalised" Banking, will not lack a certain acid humour.

It is convenient to dispose at once in general terms of the technical findings of the Report. They will be dealt with in detail in an appendix to these articles.

On page 5 the Report concludes an examination into the statement that the rate of flow of purchasing power into the hands of consumers is not and never can be adequate to purchase the goods available to them. As a result of this examination it decides that the contention is fallacious and that the Committee cannot accept it as a statement of fact, and on this finding bases the Report.

This objection is the familiar and elementary objection to emphasis on the decisive importance of credit. It has been dealt with, and I think conclusively dealt with, in a brief form, as a reply made to an article by Mr. J. A. Hobson, one of the members of the Committee. It is to be presumed that Mr. Hobson published his article subsequently to the completion of his labours on the Committee in question. This reply may for convenience be repeated here.

"In regard to this objection, it is a simple statement of fact to say that as the majority of the working population are wage earners, paid weekly, and spending within a few per cent. of the whole of their week's wages in the current week, it is a physical impossibility for the wages of the current week to buy the production of the current week; it is not in the market to buy. It probably will not come

into the market, on the average, for at least six months. They are buying the production, or part of the production, of a fairly long past week, by drawing on the purchasing power which goes to make up the costs of an unspecified quantity and variety of goods which will be delivered sometime in the future. To reiterate categorically the theorem criticised by Mr. Hobson, the wages, salaries and dividends distributed during a given period, do not, and cannot, buy the production of that period; that production can only be bought, i.e., distributed, under present conditions by a draft, and an increasing draft, on the purchasing power distributed in respect of future production, and this latter is mainly and increasingly derived from financial credit created by the banks.

"But further, because the general level of prices above cost is equal to money/goods, these drafts on future production still further raise present prices, hence general increased production under present conditions means either rising prices (instead of falling prices) or unemployment and failure of distribution. Prices cannot fall below cost plus a minimum profit, under present conditions, since profit forms the inducement to produce.

"To put it another way, the rate at which money can be spent this week does not depend at all on the goods which can be, and are, *supplied* this week, and is not part of the cost of the goods which can be supplied this week. An increase in the money paid this week is identical with any other form of money inflation under present circumstances—it widens effective demand, stimulates production, and raises prices. The real price paid for the *consumable goods* bought this week is approximately a week's production of both capital and consumable goods (including exports) to be supplied at some future, and increasingly future, date, and there is nothing in the arrangement which guarantees that a larger amount of *consumable* goods per head can be bought in the future as the result of a larger amount of money distributed this week."

This is, I think a deductive proof of the theorem to which the Labour Party's Report takes exception, and on which exception the technical portion of the Report is based. But, of course, by far the most important proof is the demonstration given since 1921 of the result of restriction of credit. If wages, salaries and dividends would buy the product, and when recovered in prices would pay for product to replace it, then why did an avalanche of bankruptcy, unemployment, and semi-starvation follow the restriction of credits in 1920-1921? And how is it that in spite of most unscientific and very probably wilfully unscientific, methods of inflation, Germany has suffered none of these things, and is in fact *economically* far stronger than at any time in her history? The Committee, however, do not appear to have noticed these events.

So much for the main destructive criticism of the Report.

In order, however, to obtain a just perspective of this document it is necessary to consider, not so much its subject-matter, as,

- (1) The genesis of the Report.
- (2) The composition of the Committee.
- (3) The date on which the Report is issued.
- (4) The impression it is intended to convey.

(1) In 1920 many of the best elements of the Scottish Labour Groups were profoundly dissatisfied with their

position. The Sankey Report had been shelved, and it was well understood that a combined drive towards the reduction of wages was imminent. There was a general feeling that a great opportunity had been lost and a strong disposition to blame the agitation for "Nationalisation," as being responsible for the situation. Some suspicion had also been aroused by the solid and implacable opposition on the part of the mine-owners to the tentative introduction of the subject of prices into the Miners' demands. Under these circumstances the Draft Scheme for the Mining Industry, drawn up by the writer, and most ably expounded by Mr. A. R. Orage in the first place, obtained substantial support, with the result that the Central Executive Committee of the Miners' Federation was formally advised by the Scottish Labour Advisory Committee, in January, 1921, to investigate the Mining Scheme in the following terms:

"Some of us are not prepared as yet to endorse all Major Douglas's views; but we are convinced that bank credits are one of the main constituents—if not indeed the main constituent—of selling prices; and that no final solution of the problem is possible that does not bring the issue of credit and the fixing of selling prices under the community's control.

"We recommend that the Executive of the Miners' Federation of Great Britain be asked to investigate Major Douglas's scheme for introducing credit reform *via* the mining industry."

It will be noticed in this reference that no information is required on the issue to which the Report largely confines itself; the Scottish Labour Advisory Council expresses itself as satisfied that bank credits are one of the main constituents of prices and asks that an enquiry should proceed from that point. The Central Executive of the Miners' Federation, however, apparently referred the whole matter to the Central Labour Party Executive, which latter body appointed the Committee in question, with its own terms of reference. This Committee in its report makes no mention of the findings of the Scottish Labour Advisory Council, and the Committee's findings are in fundamental conflict with the opinions of that Council as they are quoted above. The point of this is that, while the Scottish Labour Advisory Council quite clearly expressed a recommendation and an opinion:

- (a) That recommendation was not accepted.
- (b) The opinion was disregarded.
- (c) A Committee was appointed with which in all probability the Scottish Labour Advisory Council would not have been satisfied had it been asked for an opinion.
- (d) That Committee from its constitution could not logically submit any other description of report than that which it did in fact submit.

II.

(2) The names of the gentlemen composing the Committee are given in the first paragraph of the Report. They comprise: Sidney Webb, R. J. Davies, M.P., Frank Hodges, F. B. Varley, G. D. H. Cole, Hugh Dalton, J. A. Hobson, C. M. Lloyd, Sir Leo Chiozza Money, R. H. Tawney and Arthur Greenwood (Secretary), but it would be, probably, unfair to imply that all of these are responsible for the Report. None of them has signed it as published, and it is nowhere stated that it is unanimous. There is unimpeach-

able authority for the statement of one member that as the rest of the Committee knew less about the subject of Credit than he did himself, which was not much, he proposed to have as little as possible to do with it.

But, with the exception of Mr. J. A. Hobson, a Liberal economist, who may reasonably be dealt with in a technical Appendix, and one of two Labour members of the National Executive of the Labour Party, the Committee has two characteristics which are of decisive importance. In the first place excepting again the Labour members, who may be presumed to have worked at a trade some time in the past, not one of the Committee has any first-hand knowledge of economic production. It is true, Mr. Sidney Webb has written a book on the Works Manager; but it is fairly safe to assert that any Works Manager would be in a position of some difficulty if called upon to find a use for Mr. Webb in his works.

Disregarding the internal evidence to that effect, which is sufficiently conclusive, it is clear also that the Committee does not itself claim to have any first-hand or original knowledge or ideas on the subject of Finance. In consequence "it had the advantage of the active co-operation of an experienced Bank official" who is too modest to disclose his name.* The *evidence* of an experienced bank official, at a properly constituted enquiry, taken in conjunction with other evidence not necessarily to the same effect, would, of course, be valuable.

We may reasonably conclude, therefore, that neither on the subject of Real Credit (which involves either an acquaintance with technology or the acceptance of certain premises obviously unfamiliar to the persons by whom the Report was drawn up), nor on the subject of Financial Credit, which is a compound of psychology, business procedure, and politics, has the Committee in question the necessary equipment to enable it to offer on its own authority an opinion of any value, on a scheme which depends for its understanding on some familiarity with both of these at the same time. It is nowhere stated that the evidence of any competent witnesses was taken in the manner common to such an enquiry. Even a juristic basis such as might be favoured by a Committee so largely composed of barristers is, therefore, lacking to the Report.

But (again with the exceptions previously noted) the Committee has a further and most important bond of union in its common connection with the Fabian Society and the London School of Economics, both intimately associated with the name of Mr. Sidney Webb, and the latter institution, in addition, a striking though unobtrusive instance of the financial benefactions of, *inter alia*, the late Sir Ernest Cassel.

The Fabian Society is avowedly a Socialist organisation and its translation of the word Socialism is the substitution of the Supreme State (to which every man must bow, and by whose officials all human activities from the cradle, or before, to the grave, and after, shall be regulated) for individual freedom and initiative. The Fabian Society has been notably successful in intercepting, sterilising and misdirecting intelligent enquiry into the causes of social unrest.

The London School of Economics is an unimpeachably orthodox institution. Its officials are quoted in support of Government economic and financial policy, and its more promising graduates are assured of consideration in the

*Albert Emil Davies (see *Who's Who*) as has since been disclosed—Editor, T.S.C.

Treasury, the Banks and the more important financial establishments. It is solidly entrenched on a "Banker's" Theory of Banking. In this connection the Hazard Circular, issued in America in 1862, is of interest:

"Slavery is likely to be abolished by the war, the power of chattel slavery destroyed. This I and my European friends are in favour of. For slavery is but the owning of labour and carries with it the care of the labourer, while the modern or European plan is capital control of labour by controlling wages; this can be done by controlling the money. *The great debt which capitalists will see to it is made out of the war must be used as a measure to control the volume of money.* To accomplish this, bonds must be used as a banking basis. It will not do to allow the 'Greenback,' as it is called, to circulate as money for any length of time. We cannot control them. But we can control the bonds, and through them the bank issue."

Another circular issued by the American Bankers' Association in 1877 reads as follows:

"It is advisable to do all in your power to sustain such newspapers, especially in the agricultural and religious Press, as will oppose the issue of greenback paper money, and that you also withhold patronage or favours from all applicants who are not willing to oppose the Government issue of money. Let the Government issue the coin and the banks issue the paper money of the country, for then we can better protect each other.

"To repeal the law enacting national bank notes, or to restore to circulation the Government issue of money, will be to provide the people with money and therefore seriously affect your individual profits as bankers and lenders."*

The fundamental tenet of the Fabian Socialist is that all purchasing power shall be dispensed by the State at its discretion. The State is an abstraction, just as the American Bankers' Association is an abstraction. Both Mr. Sidney Webb and Hazard mean exactly the same thing—they both want economic slavery, and by complementary mechanisms, and, no doubt, both would explain that they were actuated by the highest motives. Before expanding this aspect of the question, however, in connection with the intention of the Report, it is desirable to consider the time at which it was issued.

III.

(3) The first meeting of the Committee was held on May 24, 1921. Subsequently, there were occasional rumours current that its members found some difficulty with their subject. These crystallised into the form of statements that no report would be issued, to which an hysterical outburst in the *New Statesman*, advising that course, gave some colour. As is common knowledge, Mr. Sidney Webb is Chairman of the Statesman Publishing Co.

About March of this year 1922, it became evident that a fresh crisis in the Mining Industry was approaching, concurrently with a steady growth of interest in the relation of credit to industrial problems. Mr. Sidney Webb was elected Chairman of the Labour Party Conference, which devoted itself to the devastating problem of Privy Councillorships for Labour Leaders. Discussion of Finance was suc-

cessfully excluded from that Conference.

Some six days before the Miners' Conference, and consequently too late to permit any criticism of it to affect that body, the Committee issued its unsigned and undated Report. A copy of it was kindly sent to me, and on the same day I noticed a leading article in the *Financial News* something more than a column in length devoted to the discussion of the alternative recommendations of the Report. While giving immediate and effective publicity to the suggested "nationalisation" and "municipalisation" of banking, this article successfully avoided any mention or indication of the Social Credit Proposals.

(4) At this stage, it must occur to the reader to enquire why a Report of this character, prepared by unqualified persons, without the examination of competent witnesses, should be issued at all. The answer is, I think, to be found in the passage previously quoted from the American Bankers' Association Circular: "that you also withhold patronage or favours from all . . . who are not willing . . ." Let there be no misunderstanding as to what is meant by this. During the late war, there were numbers of highly placed officials both military and civil whose success was only enhanced by the chaos, intrigue and obstruction which seemed to attend their best efforts. Absurd suggestions of treachery and corruption were freely made in connection with these persons—absurd because although their safety and steady promotion were of the greatest consequence to Germany and the International organisations by which she was supported, it was obviously in every way more convenient, cheaper and more effective that they should be paid by the British Public, and if possible be encouraged to imagine themselves to be serving it.

Now every single conclusion to be drawn from this Report taken at its face value is in the interests of the "Financial System" and its high priests. Practically, the Report is devoted to maintaining that the formulæ which connect cost and price in the present financial system are the formulæ which should give the best results. That is very satisfactory for High Finance. Also, that any little defects which may be noticed from time to time in the system, are due to wicked employers making undue profits. That is also satisfactory, because it keeps alive a bitter controversy between employers (from the large railway to the small tradesman) and employed, throws the employers into the arms of Finance for protection against the employed, and keeps both of them too busy to have time to get at the facts. Thirdly, it goes out of its way to state that whether sound or not, a scheme which would give the worker higher wages, cheaper living, real control of both policy and conditions, and an incomparably wider outlook on life, and these both at once and progressively, "is fundamentally opposed to the principles for which the Labour Party stands" because these results would be achieved "without freeing themselves from the annual tribute payable to the other shareholders." That is admirable. It puts forward the legitimate aspirations of the body of men and women it claims to represent in such a light as cannot fail to antagonise a much larger number of persons than it attracts. Every widow with a War Pension, every Old Age Pensioner, the hundreds of thousands of small shareholders in railway companies, will know exactly what to expect when Labour comes into power. Is it any wonder that, for instance, Sir Herbert Morgan declares in public that there is no reason to fear a Labour Government. See what a lot of money it would save. And it offers such an attractive programme to the general public as an inducement

**Daily Telegraph*, July 21, 1922:—The process of replacing gold with Bank of England notes in the currency note redemption account is continuing, £500,000 of gold having been withdrawn and replaced by the same amount of banknotes for the third week in succession. There was a contraction of £1,021,133 in the combined currency notes and certificates during the week.

to put it into power.

Finally, the Report makes its own recommendations. It burks enquiry into questions of prices, which are common ground to the whole community, and attacks the "Big Five" Banks with an open threat of expropriation, but without the slightest indication of a plan of campaign. To a public just emerging from an orgy of bureaucratic tyranny, it offers a vision of a world consisting of Post Offices, and a population whose daily activities would be modelled on those of that institution, as a bait for its sympathy in what would be the greatest fight of all the ages—if it ever came off.

Ten years ago, a policy of banking "nationalisation" might have caused some anxiety in Lombard Street; to-day the *Financial News* very properly gives it the widest publicity in its power.

The Report has some words of commendation, to "the authors of the Douglas-NEW AGE Credit Scheme" for "drawing attention to the importance of Credit and Banking in the Economic System." I am encouraged by this kindly praise to hope for some further success in indicating, however briefly, the mechanism by which the millions of workers and others (whose power if effectively used would be ample to attain their real desires) are continuously misrepresented and stultified. An understanding of this process will, it is reasonable to hope, discourage the appointment and accrediting of Committees unfitted to deal with matters of public interest, or, at any rate, to enable their conclusions to be assessed at their proper value.

(The Appendices to which reference is made in the text will be published in later issues).

"The Present War"

Reviewing in *Human Events* (Washington, D.C.), *The Coming Defeat of Communism*, by James Burnham (New York: The John Day Company, Inc.), J. M. Lalley says "Mr Burnham's thesis, as well as it can be put into a few words, is that Communism will be defeated when the chief anti-Communist power, meaning of course the United States, abandons its policy of 'containment' and assumes the offensive. But this cannot occur until it is recognised by both the politicians and the people that a Third World War is not to be avoided, for the reason that it is already raging everywhere in the world. For nowadays, says Mr. Burnham, war and politics are identical terms; the kind of war that involves vast armies and the wholesale expenditure of munitions, and the kind of war that is called peace, represent merely different tactical operations. Unfortunately, this is not yet understood by either our civil or our military leaders; indeed their habit of thinking of war in archaic Nineteenth Century terms—armaments, logistics, general staff planning, frontiers, invasions, formal declarations, and so on—is, it appears, our chief disadvantage in the conflict with the Communists and explains all their otherwise inexplicable victories. As long as the Communists can advance their purpose, which is nothing less than the monopoly of world power, without resorting to formal and open warfare, they will continue to do so until their adversary is so weakened as to place the issue of an open war beyond any possible doubt.

"The true character of modern war, Mr. Burnham assures us, is to be discovered not from the memoirs of statesmen and generals but from the history of the various 'Resistance' movements. Keeping in mind the equation of war and politics, the most important operations may be seen to be those carried on against an enemy from within his

own lines, although these operations of course must be co-ordinated with pressures from without. Just how much the various European 'Resistance' movements actually contributed to the military defeat of the Nazis is apparently still a matter of some dispute. There is, however, no doubt that their part in the new configurations of power resulting from that defeat. The primary purpose of such movements is not 'liberation'; it is to provide an apparatus for the seizure of power when opportunity offers. Thus the Communist Party in non-Communist countries must be envisaged as a vast and ever-active guerilla organisation, implementing by espionage, sabotage, propaganda and intimidation the war plans of the Kremlin. When this is understood, Mr. Burnham observes, the folly of permitting the Communist Party to claim the rights and freedoms accorded to other political parties becomes clear. The great advantage possessed by the Communists, whether Russian or native, arises from their awareness that a state of war exists, and has in fact existed since the Third International declared it against the world."

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