

# THE SOCIAL CREDITOR

## FOR POLITICAL AND ECONOMIC REALISM

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### From Week to Week

The difference between Socialism (the Plan to make Artificial Scarcity Perpetual) and Social Credit is that Socialism is a Plan, while Social Credit is a Report to the Shareholders and Why. It is almost irrelevant that Socialism is a bad Plan—almost the worst ever tried, because it stands inevitably self-condemned by its objectives. What Socialists call facts are not facts, they are data, and are useless in the absence of sound directives. Social Credit does not say, "This is how the economic, social, and educational system *ought* to work, and we will pass laws indefinitely until it works that way." Social Credit observes that things, men, and events work according to their natures, and no other way; and the passing of laws merely introduces complicating factors without altering the fundamentals of the problem.

It is one of the ways that human nature works that it seeks its own advantage, and to the extent that national groups have reality in nature this applies to groups as to individuals. It is quite useless to moralise on this; it is a fact.

When Mr. Attlee obligingly informed us at Southport in 1934 that the Labour Party in power would sacrifice British interests to World interests, he did not mean that he would sacrifice *his*, Mr. Attlee's interests, and he has not done so. He meant that he and his friends would do better that way, and they have. It is only necessary to notice the amazing contrast between the arguments used to commend any course of action to Americans—that it is in the interests of the U.S.A.—to the words of Mr. Attlee and the large-handed generosity with which the Socialist Government has handed every British interest to an interim trusteeship which is clearly acting for the residuary legatee, Wall St.

We have little doubt that many of the Socialists are, or were, convinced that they are actuated by the most disinterested motives. There is some excuse for the mental confusion widely prevalent, because early Socialism began by being moralistic, and almost without exception it has adopted from its shadowy backers its policies of predatory and differential confiscation. The policy of the British Socialist Party was framed by Finance-Capitalism and is Monopoly. It is no more moralistic, in the sense of, say Ruskin and Frederick Maurice, or even George Lansbury, than that of Genghis Khan was an exposition of Christian civilisation.

Even in honest politics (yes, there is such a thing) it is often true that *le mieux est l'ennemi du bien*. We have never defended the gold standard, still less the fraudulent gold standard which was the legitimate target for the attacks of Mr. Arthur Kitson, but we have no hesitation in record-

ing our conviction that from the practical result point of view, and of course there is no other, the *metallic currency* basis of credit, corrupt as it was, was far better than anything current in the world to-day.

Its fundamental defect as manipulated by the bankers was that which is exaggerated as never before by the present British Government, inflation, and the departure from it in 1914 was for one purpose only—unrestricted inflation. There is a limit in political expediency to punitive taxation, although it would appear in this country that the sky's the limit. But to the taxation of inflation, which is the most fraudulent and the meanest form of taxation conceived by the fertile brain of the Father of the Lies and his Children, and is selectively retroactive, there is no limit except that desired by its Executives—Economic Ruin.

It is puerile to suggest that men like Mr. Gaitskell or Sir Stafford Cripps do not know what they are doing, and to combine their financial and fiscal policies with the nauseating claims of "social justice" which form their basic stock-in-trade is only possible in a country whose inhabitants have been dazed by alien mis-education.

And all the King's Harrimans  
And all the King's men  
Couldn't put Humpty-dumpty  
To-gether again.

A zealous supporter of "British Israel" tells us, that Mr. Eden, Lord Sankey, Lord Keyes, personages even more exalted; Harriman, Truman, Acheson, all the active "Protestants" of both the "British" and "American" Governments; the key men in all government departments, public services and institutions are or were "British Israelites;" that "victory" (after Act III of the Great War) is assured to them by prospect, prophecy and indeed God Himself; and further that a brand-new monetary system (details fully worked out) is part pigeon-holed, part in operation, for the establishment on the ashes of "democracy" of a New Order, Theocratic in organisation, and utterly satisfactory (to British Israelites and, we are assured, to God). This 'positive' has its 'negative' counterpart: landed proprietors and Roman Catholics who are jointly but rather incoherently anathematized in company with the whole tribe of the unrighteous. Frankly, we don't know; but the story has points of interest. Concerning this so long and expensively advertised community:—

(1) Its Theology is the anti-Semitic Gnosticism of the early Christian Centuries.

(2) Its "Culture" is ultra-Protestant—if the Methodism envisaged by Shelley (in uncomfortable double-harness with Gin and Ruin) is ultra-Protestant.

(3) Its inspiration is occult and its intention apocalyptic.

(4) Ignoring the fact of experience that power cannot be destroyed: it can only be distributed, it accepts that "nationalisation" of the Bank distributes power to "us" instead of *vice versa*.

(5) *Cp*:—"In all popular tumults there are always a certain number of men who, either from excited passions, or fanatical conviction, or evil intentions, or just from a cursed taste for disorder, do all they can to push things as far as possible: they propose and support the wildest suggestions, and fan the flames whenever they begin to languish: they want the riot to burst all bounds and restraint."

The writer in the latest resurrected and retranslated XIX Century Italian, Alessandro Manzoni, author of *I PROMESSI SPOSI (The Betrothed)* a tale of XVII Century Milan. Concerning this tale and its author we may have more to say on another occasion.

He adds to the sentence quoted: "But to balance these, there are always a certain number of others who are working with equal ardour and persistence to produce the opposite result . . . May Heaven bless them!"

The black magic of British Israel is the exploitation of a misunderstanding of the nature of prophecy which like Gaul, is divisible into three parts:—

(1) The mathematician's practice of completing his curve in time and assuming a sufficient degree of conformity with reality for him to state events regardless of time, past, present or future. A railway time-table is "prophetic" partly in this manner and partly in the manner of (3) *infra*.

(2) The same on a higher plane, exploiting an unusual understanding of the *Vectors* representative of analysis of a wider human experience. Illustrative of this are all the true leaders of mankind among whom we place Douglas.

(3) The trickster who will bet you sixpence (or a million pounds sterling) that you will find a small fraction of many millions he has stolen from you in the place he has hidden it for you to find it in. Notice the rate of "profit" taking into consideration the fact that *if you play* he gets the sixpence. If you don't, he will try another. (Railway companies are not liable for any inconveniences, *etc.*, resulting from the fact that trains arrive "late," or not at all).

We assert that it is not inevitable that "the riot should burst all bounds."

## The Social Credit Secretariat

### NOTICE

Letters on Secretariat business which would normally be addressed to the Social Credit Secretariat or to Dr. Tudor Jones personally should be addressed as indicated below until October 1:—

Mr. Hewlett Edwards,  
Nether End,  
Austrey,  
Atherstone,  
Warwickshire.

## Oil Pipe Laying Record

Superior, Minn. (a date before August 23):—

"The construction of the oil pipe-line from Redwater, Alta., through Edmonton, Regina and Winnipeg to the head of the Great Lakes here, a distance of 1,127 miles in 150 days (the maximum construction season), made it the fastest major pipe-line undertaking ever completed.

"The pipe's diameter from Edmonton to Regina is 20 inches; from Regina to Gretna, on the International boundary, 16 inches; from Gretna to Superior through a pumping station at Clearbrook, Minn., 18 inches—with a capacity on the first stage of 90,000 barrels daily and eastwards of Regina 70,000 barrels.

"Three feet of earth covers the pipe to ensure reasonable winter operating temperature.

"Storage capacity at Edmonton is 840,000 barrels and at Superior, 1,800,000 barrels, as lake tankers to carry it are icebound in winter.

"A new rolling mill was constructed at Welland, Ont., for making the 16-inch pipe at a cost of five million dollars. Forty-foot lengths were supplied ready bevelled at the ends for the welders in the field."

ALSO. Calgary, Alta. (same date):—

"An Anglo-Canadian trade agreement involving Alberta oil may develop should the British Government make big investments in Canadian oil fields because of the Persian oil crisis, said *The Albertan* newspaper.

"This opinion was voiced by Mr. Clifford B. Powell, member of the Dollar-Sterling Trade Board.

"Mr. Powell said such an agreement would be more advantageous to Britain than paying the full bill in hard currency to get dollars for United States oil.

"British sales in Canada are still below British purchases in Canada," Mr. Powell said. "Necessity of buying oil from either Canada or the United States would immediately worsen the situation seriously since Britain's oil has not been costing hard currency up to the present."

We suggest that Mr. Stokes should get the Government of which he is a member to sell some sound advice to "Canada," for a consideration which will balance things up.

## Experiment

"Men and women who desire to escape from dependence upon the present industrial system and who have no desire to substitute for it dependence upon a state-controlled system are beginning to experiment with a way of life which is neither city life nor farm life, but which is an effort to combine the advantages and to escape the disadvantages of both."—RALPH BORSODI.

Have you noticed how they're taxed?

<p><b>Grand Orient</b> <b>FREEMASONRY UNMASKED</b> by MGR. GEORGE E. DILLON, D.D. From K.R.P. PUBLICATIONS, LTD. <span style="float: right;">5/-</span></p>
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### The Maze

Once upon a time there was a People who lived in a maze. There were a lot of them. Millions. The maze they lived in was a large maze. Miles and miles. It was a very cunning and intricate maze, as well as being very large. It was constructed a long time ago by a great King, in the first place for the people to live in, and in the second place to add something to the spice of life for the people who lived in it. Or this is what is supposed, for the great King lived so long ago that very little is certainly known about him. If the maze was not made so intricate for this reason, it was for some other reason; though, truth to tell, if it had not been there to add to the spice of life, you may be sure the people would have contrived something else perhaps not quite so interesting on their own account. Like bridge. Nevertheless, the maze wasn't a perfect maze. In this world nothing is perfect. Imperfect mazes are mazes which have some disadvantage or other. The imperfection of this particular maze was that it grew too small to support the population, for supporting populations is not the strong point of mazes, but rather the preventing of people from getting out of them. In this respect our maze was perfection itself. No one ever got out. Everybody wanted to get out, and tried ceaselessly to do so: but no one ever succeeded. If you had stood at one of the several exits you might sometimes have caught sight of the imprisoned people, in little knots of two or three, actually turning away from where you stood, and hurrying on in a flutter to some illusory lane hidden from you but all too clearly visible to them. This was because they felt frightened by themselves or even if there were only a few of them together, and hastened to return to the places where they could see more solid masses of people. Yet did they but know that it was these very masses which were their undoing, for they ate up all the produce of the maze, becoming hungrier and hungrier as time went on and thinner and thinner and less and less able to walk about and try to get out of the maze. And all the time, had they but been attentive they would have seen cunningly placed little arrows here and there which the great King had placed in position in case just such an emergency should befall the growing population in the great maze which he had contrived. Little green arrows. No one ever so much as looked at one of them.

The reason for this may have been a singular accident in the social history of those whom we may call, for short, the Mazians. Singular, yes; and difficult to explain, as all things are which concern the established customs and beliefs of a community. Someone contemptuous of the small vanities of others, would sweep the matter aside with a bare gesture, as much as to say 'What would you have? Such a silly people, and some even sillier than others!' But really this will not do. The fact is the Mazians all wore spectacles. As soon as a little Mazian was born and could balance them upon its nose a neat pair of spectacles was clapped over the bridge of its little nose, and these it wore to its dying day, being exchanged only at intervals as the bridge of its nose expanded a little and the distance between its little pink ears increased. And this was quite a ceremony, performed with appropriate rituals by expert spectacle-fitters in a special clinic. At the same time, if there were any defect of vision, this was attended to, and the Mazians thought that, on this score alone, they were a very advanced and orderly people and greatly to be respected by anyone, if there was anyone, who lived elsewhere, in another maze—which was very doubtful, having regard to the practical impossibility of

ever getting out of one maze to go to another—an imaginative flight and generally rejected by all ordinary Mazians, though uncertainly and obscurely hinted at by a few philosophers, who never came to any agreement but incessantly argued among themselves. Nevertheless, there was great variety among the spectacles, not only in respect of the lenses, though most of them were just plain pieces of flat glass, which neither magnified nor diminished the objects seen through them; but of the frames there was a great assortment. New sorts were constantly being invented and the fashions changed frequently. It was not at all an uncommon salutation, particularly among the women-folk, to say, even before asking for news of the health of the person addressed, 'Oh! What a lovely spectacle!', meaning of course not the *ensemble* which compelled admiration, but, literally, the facial adornment worn by the lady encountered. There were round shapes, square shapes, shapes with the corners cut away; moulded rims, carved rims; and rims of all the colours under the sun. The spectacle-making industry ranked almost as high in importance as the dressmaking trade, so universal was the use of spectacles, and so frequent the changes of fashion.

You may wonder what all this had to do with the inconspicuous little signs which would, if they had ever studied them, have shown first one then another of the Mazians how to escape from their overpopulated country, and discover pastures new. Well, it was in this way: however varied the frames, the transparent parts of all the spectacles, whether for short-sighted persons, long-sighted persons or people with perfectly normal vision, were of a green colour, which, of course, made the grass and the trees and the hedges which flanked the ways of the maze very green to look upon, though rather flat; but distorted all the other colours; and, as the little green arrows were all placed, cunningly, as it has been said, upon a green background, they were quite invisible to any normal Mazians, because of the green glasses they wore. Occasionally, it is true, they took them off, but only to remark what a strange world presented itself to their gaze, how trying to the eyes the unwonted brightness was, or how wise their rulers had been to institute the blessed convention of wearing spectacles. So, with apologetic laughs and blushes, no sooner did any Mazian take a look at the world as it really is, than he (or more commonly she) hurriedly replaced his spectacles, without giving any serious study to the prospect which had startled him with its unfamiliarity. All but one or two in a generation, and they sometimes discerned the little arrows and obediently followed them to their destination. What became of them no one knows. Perhaps they got out, no one knows. They were mourned as lost to the community. Only among the superstitious is their disappearance ascribed unconsciously to its true cause, a circumstance which amply justifies the warnings of the nurse-maids, who ask their charges, on occasion, if they know what happens to little boys who take off their glasses.

Alas, the death rate among the Mazians is rising steadily year by year. It is feared that the race will soon become extinct.

### On Planning The Earth

By GEOFFREY DOBBS.

K.R.P. Publications, Ltd.

6/- (Postage extra).

## THE SOCIAL CREDITER

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### The Betrothed

The general opinion—*i.e.* the almost universal *prejudice*—leans to the acceptance of the proposition that the reputation of men is most justly founded upon *consensus*: that where “everybody” agrees that such and such are the qualities of so and so, they *are*; and, if “everybody” is a large number, so and so is famous or infamous as the case may be. Not altogether to our surprise, we notice, that this is merely a special case of the over-ruling of Right by the majority or *vox populi, vox Dei*: *i.e.* that the notion is heretical. It is a surer guide to the quality of an individual, of the present as well as of the past (the vagaries of political party boost alone perhaps excepted as something of too ephemeral nature for serious notice), that there exists the widest possible disagreement concerning him. “To be great is to be *misunderstood*” said Emerson, and his intention may cover ours. If thousands, upon whose opinion concerning the wisdom of any *course of action* we should place no reliance, are unanimous that such and such is the essence of so and so, “in a nutshell,” you may bet your last cent, that the essence of so and so is something (whatever it is) vastly different from what is asserted. But if thousands in a like case are divided into camps sharply contesting the character under examination, you may suspect that very few have penetrated to the heart of the matter. And you will more probably be right, though you may, no more than any of them, have discerned even the *locus* of the heart yourself. If quantity and quality belong to different planes of experience in respect of one instance, they do so in respect of all instances: the principle is absolute.

In line with the foregoing, while the sudden retranslation, and publication by Messrs. Dent, of a famous Italian novel may have, and probably has, other features which excite interest of a totally different kind, we are attentive to the diversity of opinion alleged by Manzoni’s translator (Archibald Colquhoun) to have attended the work. “Certain proof corrections to the present volume stopped all work at the library of the Italian Institute in London one afternoon, as every reader in the room joined warmly in a discussion on the shades of meaning of a phrase.” The benefit to the translation is not assessed; and we surmise that the writer’s mention of it is a token courtesy.

In 1827, on its first appearance, six hundred copies of *I Promessi Sposi* were sold in twenty days. “Some thought it exaggerated by Christian . . . others . . . found it irreligious and immoral. Goethe [suspect?] wrote, ‘Everything which is of the poet’s soul, everything which is of the poet’s heart, is perfect . . . It [*I Promessi Sposi*] satisfies me like perfectly ripe fruit.’ “Far too highly praised,” said Stendhal. “In England the *Quarterly Review*

was inclined to take away with one hand what it had given with the other.” For them the work aroused hopes of a future conversion of the Italians to Protestantism. For Carducci “the smell of the sacristy made him want to throw it across the room.” By contrast, it was an attack on monastic institutions and the very name of it was “accursed in Rome.” It was anti-Italian or anti-patriotic according to taste.

Social Crediters are (or should be) familiar with the hair which divides the false from the true. In *Time* for August 13 there is an excellent example of the false, in an anonymous “feature” article provoked by the murder of King Abdullah: an *argumentum ad hominem* well informed even erudite in appearance but superficial in fact, gliding over Islamic history to create in the western world and, by reflex, in the eastern mind an atmosphere favourable to compromise with Big Business to complete the enthronement of Industry as the *objective* of human enterprise: full-employment.

“A dangerous book [*I Promessi Sposi*] because the peasants cut such a better figure than the nobles.”

When arbitrary power and the *use* of money are in fact synonymous, the powerless and “the poor,” to whom the use of money is virtually prohibited, are synonymous. “The poor” are thus ranged on the side which arbitrary power oppresses. Hence the doctrine of the “evil” rich *contra* the “good” poor: *cp.* “the dear poor.” There may be deeper, *i.e.*, more realistic, grounds for the belief, where it occurs, in the special blessedness of the poor (poor in possessions and *weak*—not necessarily poor—in spirit—), reasons connected with optimum Scale, which is effective on the metaphysical as well as the physical plane. Indeed Scale *is* metaphysical: its effectiveness in the “physical” world is a proof of the lack of self-sufficiency of the “physical,” of its lack of *complete* reality.

The *audible* (the term is generic) *voice* of the people is the voice of Power. The “money vote” is the voice of decentralised power, but Power nevertheless. We hear the voice of Authority in whispers which may come *through* many channels; but it is one *voice* which speaks: is it an Absolute?

### “A Culture Such as Ours”

“No task confronts the contemporary architect with more difficult problems than that of designing a cathedral. It is clearly desirable that such a building should be modern in spirit and unmistakably the product of the age in which it is built. A pastiche of past styles is therefore no answer, yet the required devotional atmosphere is not easy to create without the assistance of the antique shapes and ornaments so closely identified in the public mind with a church interior.

“Modern architecture must be given its chance, but it has yet to develop a rich enough vocabulary to express the same emotional subtleties; indeed it is doubtful whether a culture such as ours, which is not based, as was the medieval culture, on religious faith, is capable of producing a perfectly satisfactory cathedral.”—The Architectural Correspondent of *The Times*.

All the designs of a New Cathedral at Coventry submitted in the competition will be on exhibition at the King Henry VIII School, Warwick Road, Coventry. We believe that among them is one by a Birmingham Social Crediter.



## PARLIAMENT

House of Commons: July 26, 1951.

### Financial and Economic Situation

*Mr. Nigel Birch* (Flint, West): . . . We always get the same process every other year. We say that things are not going very well and hon Members opposite say, "You are crying wolf." Then we have complacent speeches from the other side; the right hon. Member for Bishop Auckland (Mr. Dalton) says it is a proud day for patriots, and the hon. Member for Stechford makes complacent speeches on the Budget. Then, sure enough, at the end of July a crisis blows up and we have a crisis debate.

The Government always do exactly the same thing. They say, "We want a few more controls," always knowing quite well that this makes hardly any difference at all. They always say that we should do something about fish in the autumn. Then they say that some dollar imports will be cut, which brings on a crisis in the following year. Then they say, "We cannot do anything about expenditure." Then there is an appeal for wage restraint, and there is always a more or less meaningless anti-Capitalist gesture at the end of it.

This time it is, of course dividend restriction. It is interesting that that was the very first thing which that distinguished National Socialist, Hitler, did when he came into power—exactly the same thing. The hon. Member for Orkney and Shetland (Mr. Grimond) made a few remarks about it which I thought were quite astute, and the only remark I want to make, to emphasise what he said, is that the whole basis of the Government's policy is always to favour improvidence.

Anybody who has distributed a lot in the past is allowed to do it in the future, in just the same way as it worked over nationalisation; anybody who had over-distributed did better than those who had not over-distributed. The lesson from the Government is this: never do right, for if you do wrong you may get away with it and you will certainly be favoured. Every single thing the Government can do to discourage prudence, and to punish those who are prudent, is done.

Hon. Members are very annoyed that anyone owning ordinary shares should be able in any way to shield himself from the damage caused by rising prices. Anyone who holds Government securities is having his money steadily reduced in value, and there has been a magnificent fraud on the shareholder in the nationalised industries, because instead of having real assets he has been fobbed off with gilt-edged securities, and gilt-edged securities are going down in terms of pounds and in terms of real values. It seems a pity, I think, to many hon. Members opposite that as so successful a fraud has been done on the nationalised shareholders it could not be done on all shareholders.

I do not want to go into figures, as my right hon. Friend did. The practical effect of the Government's decisions, of course, is negligible and what we have is exactly the same as we had in 1947 and 1949—a decision to postpone the crisis until the autumn. The sequence is always the same: postpone the crisis until the autumn; in the autumn things get a good deal worse—although we are always told that they will not—and the Government have a sort of drunkard's repentance. They wake up, as so many drunkards do, and see angels round their beds.

Suddenly many things which were absolutely impossible become quite possible, like cuts in capital expenditure and cuts in administrative expenditure, and it is always remarkable to see that things which previously it was sacrilege to mention are now done. Then things get a little better, the cycle starts again and a year afterwards the same thing happens all over again.

What I want to draw to the attention of the House is this: that the victim is always the value of the £. In 1947 and in 1949—and this time—ultimately the stability and value of our currency "goes west." That brings me to the question of devaluation. My right hon. Friend the Member for Aldershot (Mr. Lyttelton) very rightly castigated the Chancellor for what he said. Let us think about this. We know that the prices of world commodities are determined by American dollar prices. Supposing dollar prices had never moved at all. Today, we should have to pay £143 18s. for what cost £100 before. That is the effect of devaluation.

Why did Sir Stafford Cripps so bitterly oppose devaluation? He opposed it because he knew it would turn the terms of trade against us and in the end he did not do it as an act of policy but because he was forced into doing it. Why is it that E.C.E., Mr. Roy Harrod and other people are recommending a revaluation? I am not supporting that, but they are recommending it because they believe it would turn the terms of trade in our favour, as, of course, it would.

To say devaluation is making no difference is plainly wrong and plainly dishonest—just as dishonest as was the devaluation broadcast, and I believe that the dishonesty of that broadcast is one of the reasons why we got into such a mess last year, because in it we were told that as a result of devaluation prices would not go up—[HON. MEMBERS: "No."]—yes, indeed; it was said that bread would go up a very little but that nothing else would, or should, go up.

*The Financial Secretary to the Treasury* (Mr. Douglas Jay): The hon. Gentleman is carrying his misrepresentations ridiculously far. All the broadcast said was that the rise would be limited during a limited period, to the end of 1949. That was all that was mentioned.

*Hon. Members:* Withdraw.

*Mr. Birch:* I certainly shall not withdraw. I listened to the broadcast with great care and I thought it was the most dishonest I had ever heard. It certainly did not give in any way the impression which the Financial Secretary has endeavoured to give.

The whole of Government propaganda was that devaluation would make a negligible difference. The effect of that was that the Government tried to make it true, and that was why we refused to buy commodities when prices were rising and why we were caught out last year. I am quite certain that that is the reason.

*The Economic Secretary to the Treasury* (Mr. John Edwards): That is a monstrous statement to make, especially in present circumstances. I ask the hon. Gentleman specifically: did Sir Stafford Cripps, in that broadcast, not limit what he was saying to the year in question? Why does the hon. Gentleman suggest that there was no limitation whatever?

*Mr. Birch:* The whole point was this—that the impression which Sir Stafford Cripps gave was that nothing was going to happen.

*Mr. Jenkins:* Answer the question or withdraw.

*Mr. Birch:* If Sir Stafford Cripps thought something was going to happen afterwards he might have mentioned it, but he did not. I said this to his face. I am sorry that he is not here, but I said it to his face in the House on a previous occasion. I think it was a very dishonest broadcast.

I want to turn now to the foreign exchange position. . . . I believe, as I said, that the remedies proposed by the Government are just the same as the ones they have always proposed on these occasions: that is to say, they are negligible; they offer no new departure; they offer no solution whatever to the country; and I think that they are supported by arguments which are disingenuous. I think the situation will get worse, and I suspect that we shall be coming back in the autumn to have the Government make another death bed repentance, and doing the things that they have said they never could or would do.

*Mr. Ellis Smith (Stoke-on-Trent, South):* . . . For a moment or two let us consider the position of power. It is surprising how few realise the serious economic consequences of the power cuts which are constantly taking place. I am not speaking too critically on this, because I know how easy it is to talk. It is when one goes to translate talk into realities that one is put to the test. I am, however, convinced of this, that if an appeal were made to industry, and if the big industrialists were got round a conference table, and if the people responsible for determining the amount of investment in the power industry could be got to the conference table, great steps could be taken to increase production and also to quicken the delivery dates of apparatus that power plants urgently require.

I have had the privilege of meeting during the past week or two some of the most able electrical engineers in this country. Reading their publications and documents, I have satisfied myself of this: I am convinced that we could also by harnessing new ideas, increase the output of power in this country. In several parts of the world the wind is already harnessed. In our younger days many of us thought that was out of date, but with the introduction of new methods, coal and other motive power is saved by harnessing the wind. The same applies to hydro-electricity. Here I am bound to admit that we should not be able to get immediate results. . . .

I cannot understand why we have not made progress, with report after report on the shelves of the Library, which have been prepared by some of the finest hydro-electric engineers in the world. Metro-Vickers, British Thomson-Houston, and a number of others, have manufactured hydro-electricity plant all over the world, but not for our own country. It is admitted that at the Severn Barrage this is one of the best propositions in the world. If anyone doubts this, they need only go to the Library and get out report after report in which they will find the evidence to support what I am putting forward. . . .

*Mr. Harold Wilson (Huyton):* . . . The plain fact is that the world is trying to re-arm and to produce at a rate faster than the physical resources can be made available. That is especially true, of course—and I think that this is realised on both sides of the House—of the United States. I realise that whenever I say this, whenever anyone says this, they lay themselves open to a charge of anti-Americanism.

I want to refute that charge. I am not making an anti-American speech.

I believe, as I think we all do in this House, that the peace of the world depends on a proper understanding between the United States and ourselves. When I say "ourselves" I mean of course, the whole Commonwealth. There are very many links which bind the United States with the Commonwealth, not least, to a considerable extent, kinship, common tradition and the fact that we have stood together in two world wars.

But one of the privileges of friendship—I would say one of the duties of friendship—is that one has the right, and, indeed, the obligation, to speak frankly to one's friends and to tell them when the actions that they are taking, perhaps for the worthiest of motives, are endangering common purposes that both have in mind.

My right hon. Friend the Prime Minister, in his historical flight to Washington last year—a flight which, I believe, saved the peace of the world—did not hesitate in Washington to speak frankly, as a friend, on the dangers which American policy at that time looked like bringing on world peace. I believe that it is the duty of all of us to speak frankly, just as we must expect and hope that our American friends will speak frankly to us, even though we may not always like it when they do.

The first matter on which we ought to speak frankly is this. It bears very much on the Motion before the House. If the United States and the Commonwealth are to work together, it is necessary quite frankly to tell the United States what the Commonwealth means to us, and indeed what the Commonwealth means to them. There are very many Americans who do not understand the whole conception of the Commonwealth. There are some who do not want to understand.

If ever I have been tempted to become anti-American—and I did resist the temptation—it has been when I have had to contend with some of the economic theologians that the United States send to international conferences, theologians who base their negotiations on the theme that the Commonwealth, Imperial Preference, and the sterling area are all manifestations of some form of sin. We have had that at many conferences since the war. We have had to resist it.

We have had many times, with some strain to Anglo-American relationships, to make clear the importance of the Commonwealth link to this country, just as in conference after conference we have had to resist their theological demands for the extension of most favoured-nation treatment to Japan. I am glad that my right hon. and learned Friend the President of the Board of Trade has continued to refuse to grant that as a right.

I cannot understand why, for the sake of this doctrinaire theology, we had at this critical time in the affairs of the world to have to undergo this onslaught by the United States on the Imperial Preference system at Torquay. Why rock the boat at a time like this in the affairs of the world? We withstood this onslaught. There may be some hon. Members who thought that it was anti-Americanism on our part to resist this onslaught on Imperial Preference, but I believe that the interests of the free world cannot stand this gratuitous and unnecessary attack on the economic links of the Commonwealth.

My right hon. Friend the Chancellor of the Exchequer

has made it clear that we are facing grave overseas problems which, as far as we can see, for many years to come will be continuing problems. Our American friends must realise that, just as our trade with the Commonwealth provided the key to our economic recovery in 1945-50, as it did, yet further developments, yet closer links with the Commonwealth—further development of the preferential system, no doubt—will be necessary in the darkening economic situation that we are facing today.

If they are to get the co-operation they are asking for from Commonwealth producers of raw materials, they must be ready to offer long-term assurances that they will buy the products of the Colonial Empire—the rubber, the tin, and so on—and give the producers of these commodities some confidence for the future. . . .

. . . There is a second issue on which I think we have to speak frankly, and that is on trade with Eastern Europe. Our American friends must be asked to realise that we are not prepared to cut ourselves off from great and important sources of raw materials in Eastern Europe which are necessary to our economy. We must say to them that we are not prepared to have a blockade of trade with the East. But American pressure all the time is more and more for a complete blockade.

I am afraid that there are many signs that my right hon. Friends are bowing to that pressure, not, I am sure, because they think that it is right, not because they are unaware of the disastrous consequences for our economy of giving in to that pressure, but because they feel that on broader grounds it is necessary to give way to American demands. . . .

*Sir Peter Bennett* (Birmingham, Edgbaston): . . . I hope the House will not think I am over-simplifying it if I talk in simple language, but there is a great deal of misunderstanding of this word "profits." A great many people seem to think that it means that there is money in the till for them to lay their hands on. For the last 30 years we have not used the word in my organisation; we have talked about "the margin," because the amount which is left over when everything is taken out is very small indeed, and that is the only portion on which you can lay your hands.

At a time of inflation, profits are bound to rise. The cost of all the production processes increases. Costs consist of materials and wages and charges—coal, gas, transport and electricity; and the cost of them all is rising. We must have an increased margin, therefore, to finance these things.

Next, there is the question of the working capital. As a business increases, as inflation puts prices up, so the debtors increase and so we have to have more money outstanding all the time for doing the same turnover. We have been urged to increase our turnover, especially overseas, which means that we have more money outstanding all the time, and we must have the capital with which to do it.

Stock values are rising all the time. I do not believe people appreciate the rise which has taken place in the cost of some of the raw materials needed in our industry. Take the case of copper. In June, 1938, it was £48 a ton and on 17th July of this year it was £234 a ton. Zinc and lead were between £14 and £15 in June, 1938, and today lead is £180 and zinc £190 a ton.

The point I am making is that we need a great deal more money to finance the stocks we have to carry, which have to be replaced at the higher costs. People sometimes

say, "Of course, the cost of materials has risen but firms can still supply at the old price." Firms would be very foolish if they did—and I am not speaking only from my own experience but giving the Ministry of Supply as an example.

Three days after the £ was devalued the Ministry of Supply put up the prices of the raw materials they were buying to the higher level. Of course, they were right because they sold at what we call replacement value. It is, therefore, essential that prices should go up as we use our stocks because, when we have sold them, we have to replace them. If we sell at what the material cost and have to replace at 50 per cent. or 100 per cent. more, we shall not be able to do it.

The argument is sometimes advanced that prices will fall again. Do hon. Members realise what happens when stocks have been increased enormously and then prices fall? Of course, you suffer a loss, and therefore you have to put reserves on one side in case prices fall. If they do not fall the money goes into the accounts and the Revenue will take the profit, but there must be that reserve otherwise you are caught short. At the moment industry is not putting enough on one side to cover a drop in prices, if it should come. Reserves are needed.

I turn next to the question of plant. During its life-time plant has to be depreciated because, in due course, it must be renewed. But the Inland Revenue accountants use the initial cost when they calculate the allowance which industries may put on one side for depreciation. The amount put on one side for reserves is, therefore, not enough. The result is this.

If a machine cost £1,000 the Government will allow one, if one is fortunate, to depreciate it at the rate of 10 per cent. If one goes on putting aside £100 for 10 years, at the end of 10 years one has saved £1,000 to replace it. Then one finds that the new machine costs £2,000 or £2,500 or £3,000, because costs are so much higher. What is one to do about it? The cost has to come out of profits—the so-called profits—and the Revenue will tax those as profits and will not allow one to put depreciation to reserve. They say "This is profit," and so they tax it.

What, therefore, one has to put on one side is twice as much for depreciation, because the Revenue will take some. Therefore, one has to depreciate plant according to the rising prices at something like from 33½ per cent. to 50 per cent. every year. So it is not a case of prices being too high. Actually they are not high enough in order that capital can be replaced.

Today, goods are being sold too cheaply because some of the capital replacement value has not been put on one side. So, industry will run out of cash, and industries are running out of cash all over the country. They are very busy—those that I have referred to—and they want new cash. That is where dividend comes into it. It is not easy to raise new money unless one can show that that new capital will earn its keep. We cannot raise new capital to replace losses because the new capital has got to stand on its own legs and earn its own way, and the Chancellor will not let it.

That is how the Chancellor is making it a little harder for us. We sometimes think the burdens are quite enough as it is, what with chasing raw materials and all the other

difficulties. He is now going to make the burden heavier by adding this proposal of the limitation of dividends. I do not think he is quite fair. When he talks of the fact that dividends have gone up rather more than he likes during the last six months, he also talks about wages having been frozen and of how the trade unions come along—we on this side do not grumble about that—and say to him, "We have helped in this freeze of wages. Now our people must have some more." The right hon. Gentleman never reminds us that dividends were held back voluntarily for three years.

Sir Stafford Cripps asked that we should agree to hold prices. We said we could not guarantee that because of rising costs, but we volunteered to try to hold dividends. Dividends were held almost completely in the first year. In the second year there was nearly the same result. The third year a few more people broke away. But for three years the increase of dividends was dammed back, and then the freeze broke. What is the right hon. Gentleman asking now, as a result of three years of voluntary limitation of dividends, for which we get no credit? He says that it irritates people. Now he is going to make it harder.

Those margins I have referred to are reduced by taxation. I have a note here of something Sir Stafford Cripps said:

"Some 55 per cent. of all company profits are required for taxation;"—

This was in 1950. It is more than that now—

"probably not less than half of what is left is used for new capital expenditure in one way or another; so that some three-quarters of the gross profits is already being utilised for essential economic purposes which otherwise we should have to finance in some other way."—[OFFICIAL REPORT, 18th April, 1950; Vol. 474, c. 650.]

If profits are not made, who is to be the main sufferer? First of all, it will be the Revenue who will suffer. Sir Stafford Cripps said that the Revenue authorities would have to find some other way of financing industry. But it goes further than that. The Revenue itself is the greatest benefactor from profits.

Are people aware of the large amount of our national income which is provided by these profits? For instance, Profits Tax in 1950 to 1951 raised £258 million. That is in an official publication. It is not my figure. Cmd. Paper 8203 says that total payments in 1950 amounted to £761 million. The profits we have been talking about go to His Majesty's Government to run the nation. If those profits are cut, who will make up the amount? Not the dividend receiver, because if the profits are cut his receipts also are cut; he will have nothing; in addition to which he has other taxes, such as Surtax, to pay.

If those profits are reduced the Revenue will not have to hand the amount it wants, and the nation as a whole will have to provide it. What does that mean? It means that the worker will have to provide it. I do not know whether hon. Members opposite realise that if there is a drastic cut in profits the worker will have to pay more taxes.

The Chancellor gave us the figures in his speech, when he said that it would cost £600 million if he did certain things, and he added that that meant 3s. in the £ Income Tax. The figures I have given show the amount the Government take from industry in taxation is worth about 4s. in the £. Take that away, and it will be put back where? On to Purchase Tax, Income Tax, and any other indirect

tax that can be found. That means that the cost of living will go up.

When hon. Members opposite sneer at profits I ask them to realise that if it were not for the profits of industry the cost of living would be higher than it is, and if they are reduced the cost of living will certainly rise.

### Rationed Foods (Retail Prices)

Mr. Mulley asked the Minister of Food if he will give the average weekly retail price per ration book of rationed foods for the week beginning 26th February, 1950, and the price of the same quantity of foods today; the percentage increase in price; the price of these foods in each case without subsidies; and the subsidy as a percentage of retail prices.

Mr. Webb: The following table shows the retail price of the weekly rations for the week beginning 26th February, 1950, the corresponding prices for the same quantities today, and the percentage increase in price.

	Ration at 26.2.50	Retail cost at 26.2.50	Retail cost at 23.7.51	Percentage increase
Carcase meat.	1/6d. worth	s. d. 1 6	s. d. 1 9½	18
Bacon	5 oz.	0 8½	0 9½	15
Butter	4 oz.	0 4½	0 7½	67
Margarine	4 oz.	0 2½	0 3½	40
Cooking fat:	2 oz.	0 1½	0 2	33
Cheese	2 oz.	0 1¼	0 1¼	—
Sugar	8 oz.	0 2½	0 3	20
Tea	2½ oz.	0 6¼	0 7	12
	—	3 9½	4 7¼	23

The corresponding prices without subsidies, and the subsidies expressed as a percentage of the retail prices are as follows:

	At 26.2.50		At 23.7.51	
	Retail cost without subsidy	Subsidy as per cent. of retail cost (a)	Retail cost without subsidy	Subsidy as per cent. of retail cost (b)
Carcase meat.	s. d. 1 8	per cent. 11	s. d. 2 0½	per cent. 14
Bacon	1 1	53	1 2½	49
Butter	0 9	100	0 9½	30
Margarine	0 3½	40	0 4½	29
Cooking fat:	0 2	33	0 2½	25
Cheese	0 3	71	0 3½	100
Sugar	0 3	20	0 3½	17
Tea	0 7½	20	0 8¼	18
	5 1	34	5 10½	27

(a) Average subsidy rate for the financial year 1949-50.

(b) Forecast average subsidy rate for the financial year 1951-52.