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FOR POLITICAL AND ECONOMIC REALISM

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FROM WEEK TO WEEK

The only good argument for "Union Now" has not, so far as we are aware, been used. It is that open Government of this country by Washington for the next twenty years could not conceivably be more disastrous to once-great Britain than covert Government by Wall Street has been for the past twenty years.

The distinguished American publicist, Mr. Herbert Agar, who said at a luncheon in London, a week or so ago, that there could be no greater disservice to Anglo-American relations than to pretend that we are satisfied with them at the present time, is a wise and honest man.

The fact is that Americans are almost, but not quite, as much in the grip of Orientals as we are. The Oriental does not understand cringing, or rather he *does* understand it in his own way. The nauseating rubbish about Anglo-Saxon unity of ideals merely has the effect of encouraging the Orientals who control the United States to put on the screw still further.

The United States is about as much Anglo-Saxon as Monte-Carlo, but there would be no difficulty in maintaining the most friendly relations if the pretence were not made continually that e.g., Messrs. Solly Blum, Felix Frankfurter, James Warburg *et al*, who direct U.S. politics, spend their spare time in dreaming of the sweet little thatched village in England where their dear old grandparents didn't live.

"... cost increases are in most cases having to be absorbed by manufacturers and merchants, and this at a time when increased taxes are cutting deeply into their profits, to say nothing of extra charges they have to sustain because of 'the multitude of reports a Government gone mad over statistics and regulations' is requiring them to compile."

Once-great Britain? No, Clarence. *The Times's* correspondent on conditions in the United States of America.

Amongst the distinguished company which travelled with Mr. Montagu Norman on H.M.S. Prince of Wales to the historic reunion with the Warburg family, was Mr. Winston Churchill.

President Redfield also attended. His well-known handshake is being widely featured.

Dr. Schacht?

It cannot be too steadily and continuously borne in mind

that International Finance has known for a very long time—a hundred years at least—that poverty is unnecessary and has consciously kept a *growing* percentage of the population in misery in order to have a body of discontent to use for its own purposes. Those purposes do not include *permanent* poverty—they only include *permanent* slavery. "If a man will not work, neither shall he eat," as the Jew of Tarsus, the perverter of Christianity, said. So as a man must eat, we will see that there is lots of work, even if we have to have a war every ten years to provide it, and to absorb the mountainous surpluses.

Dnieperstroy, which the Germans have taken in the drive to Odessa, is the largest Power Station in Russia, and its loss will hamstring a considerable percentage of Russian War production.

The object of Planning is to make it easy for the Conqueror to take over the assets. You not only give away your birthright, but you wrap it up in paper and string.

"It is a very common, clever, device that when anyone has attained the summit of greatness, he kicks away the ladder by which he has climbed up, in order to deprive others of the means of climbing up after him."

—LIST, *National System of Political Economy*.

Hence the increasing restrictions on the use of money.

It was not an accident that Liberalism, with its economic theory of *Laissez-faire* became the happy hunting ground of Jewish politicians. *Laissez-faire* was a perfectly sound policy, *if it had had a sound financial system*. By controlling the financial system, the bankers diverted to themselves just as much of its benefits as they could use, and prevented its natural consequences from becoming general.

"Much of the so-called aid for Britain originates in plants in this country paid for by Britain with British money before the lease-and-lend Act became law."

—*Washington Post*, U.S.A.

A portrait of Roosevelt in a London evening newspaper last week displayed two horn-like projections from his head. But they were only the ends of his index and middle fingers extended in the form of a V.

FROM THE PRESS

Against the Milk Scheme

The following passage is taken from the "Courier and Advertiser" of August 23:

A spirited protest against the Government's milk rationing scheme has been sent to the Secretary for Scotland and M.P.s for Dundee, Angus, and Perth by Dundee and District Dairymen and Milk Salesmen's Association.

Commenting on the fact that milk prices were last revised eighteen months ago and costs of production and distribution have since increased, Mr. R. W. Smith, president, and Mr. D. Y. Wilson, vice-president, state the present profit, if any, is unreasonable. Numerous dairymen have been compelled to give up business.

Unless immediate action is successful in opposing the scheme, thousands of dairy herds will be released and go out of production.

Several dairy farmers have already made arrangements to dispose of herds, as they have no time nor inclination to be drawn into more Government muddles.

Socialism for Beginners

Some are large, some are small;
Some are short, some are tall;
Some are thin, some are fat;
We must change all of that.

—THOMAS LEWIS in *Saturday Evening Post*.

Congress Party in India

From *India Deadlock* by J. C. French in the *National Review*:—

"The cause of the deadlock is Congress. . . .

"The Congress Party is Hindu but does not include all Hindus, for the Hindu martial races who enlist in the Indian army are conspicuous by their absence. Brahmins (Priests), Kiasts (Clerks), Baniyas (Moneylenders), are its chief supporters. In 1937, by its skill in political intrigue, it got majorities and established Ministries in the parliaments of seven out of the eleven Indian Provinces, frankly announcing that its intention was to wreck and not work the Constitution. Since 1930 every Congressman has taken a yearly oath demanding independence for India and separation from the Empire. In October, 1939, to avoid taking part in the war effort, it made its Ministers resign, and a year later, in October, 1940, under the guidance of Mr. Gandhi, it started an agitation against it, and all its leaders are now in gaol."

Assimilationist Jews

The *Jewish Chronicle* of July 11 stated that in the course of an article severely criticising the *New York Times* for discriminating against Jews in certain quarters, a writer in *Zionews*, the organ of the New Zionist Organisation, of New York, declared:—

"It so happened that the *New York Times* was founded by a Jew and is owned and controlled by assimilationist Jews.

"For the information of those who do not know, an assimilationist Jew tries always to be more Catholic than the Pope in Rome. This is a fundamental feature in the mental make-up of an assimilationist, regardless of whether he

happens to be British, American, German, or Russian Jew. If illustrations are needed, here they are: (a) Among several British High Commissioners that ruled Palestine for the last twenty years, there was one Jew—Lord Samuel (at that time Sir Herbert Samuel). He was by far the worst of the lot, as far as Jewish rights and interests in Palestine were concerned. Being a Jew, he gave in to the wildest and most unjustified demands of the Arabs, and ignored the elementary rights of the Jews. (b) In Russia we saw red assimilationists, Jewish Communists. By now very few of them play any rôle at all in the Soviet administration, but in the first years of the revolution they played a part. Being Jews, they recognised and supported the national rights of every nationality in Russia, including the Kalmiks, Kirgizes, etc., but they were the most valiant persecutors of everything Jewish. (c) In the pre-Hitler Germany . . . the late *Berliner Tageblatt* was a leading newspaper in a great country; it was owned and controlled by assimilationist Jews; it was also conscious of its 'Jewishness' and therefore discriminated greatly against the Jews. . . ."

On April 27, 1941, the article declares, the *New York Times* published a letter, spread over a full column, on the situation in the Middle East, over the signature of a Mr. F. J. Shatara, an Arab and a notorious anti-Jewish agitator, whose contributions have been published in anti-Semitic and pro-Nazi papers. This letter, the article alleges, was one string of distortion of facts and misleading statements; but the *New York Times*, which carries on its front page the slogan, "All the news that's fit to print," also found it "fit to print."

CURIOSITIES

In a quarter-page advertisement in *The Times*, the Standard Motor Company Limited of Coventry announce that they are "even now planning their contribution" to "the happy scene." The happy scene is *the new world*, "the end of the war for freedom. . . . The signposts are back again! Petrol is unrationed and abundant! The cars of *the new world* are very fast, very comfortable and very safe."

A 'feature' panel in the *Sunday Dispatch* describes how Priscilla's mother was ordered by the doctor to give Priscilla 'plenty of fresh fruit juice every day.' But Priscilla's mother has been lucky to get four oranges in three weeks. "D. and I, as ordinary mothers of extraordinarily wonderful children . . . think it is a pity that so much brains, time, and money have been wasted on bombs and bullets to kill other mothers' children, when all this energy and power might have been diverted to destroying Old Man Whooping Cough and all his diabolical brethren."

IS BRITAIN BETRAYED ?

by John Mitchell

and

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The Rise and Fall of the Anti-Masonic Party

By B. J.

"The Anti-Masonic Party," says the *Encyclopaedia Britannica*, "arose after the mysterious disappearance, in 1826, of William Morgan, a freemason of Batavia, New York, who had become dissatisfied with his Order and had planned to publish its secrets. When this became known to the freemasons Morgan was subjected to frequent annoyances and in September, 1826 he was seized and surreptitiously conveyed to Ft. Niagara whence he disappeared. Though his ultimate fate was never known it was generally believed at the time that he had been murdered and the event created great excitement, leading many to believe that freemasonry and good citizenship were incompatible. Opposition to Freemasonry . . . became a religious issue in Western New York where early in 1827 the citizens in many cases resolved to support no freemasons for public office."

In 1835 there was published in England a small volume by "a Traveller in the U.S.A." The book is called *A Ritual and Illustrations of Freemasonry*. The English 'traveller' had gathered the writings of certain prominent members of the Anti-Masonic movement first among whom was A. Allan, K.R.C.K.T., K.M., etc., a prominent freemason to whom the details of Morgan's murder had been disclosed in a Masonic lodge in New York.

Mr. Allan says:—"About this time the Morgan excitement began to 'rave and madden round the land.' I did not believe that a murder had actually been committed until the following confession of one of the murderers came to my knowledge, the principal of which I received from a high Mason, upon the sealed obligation to keep the same from the world. . . ."

Mr. Allan continues: "At the time I received the principal part of the facts relative to Howard, I was in good fellowship with the Masons, and held by their suffrages some of the most active offices in the higher orders. For a time I pondered this matter in silence. I put my conscience into one scale and my Masonic oaths into the other, and I found the balance in favour of the former. . . ."

Eventually Mr. Allan exposed the facts of Howard's confession in an affidavit before the proper officer in New York City. The treatment to which he was subjected by Masons for this action led him to re-examine the institution of Masonry.

He goes on: "The argument that 'the institution is not political' can be refuted by the testimony of almost every Mason, if he would but speak. I will give a case as a specimen of its 'political neutrality.' . . . it happened in a small town in 'the land of steady habits.'

"The freemen assembled at the usual annual meeting, for the purpose of electing representatives and other town-officers. The first business was to elect delegates to the General Court, or State Legislature. Shortly before the polls were opened at ten o'clock seven Freemasons appeared. These seven worthy sons of the Handmaid [the Craft was known as the Handmaid of the Church] knew that the two regular candidates were neither of them Masons. Every stratagem, therefore, they tried to defeat their election, and

secure that of their Grand Master.

"The time of balloting arrived and every man was at his post. On counting, however, it was found that the Grand Master had only eight votes. The other two candidates being so nearly tied, there was no choice, and the balloting for the same officers was immediately called. This course of management continued through the day. . . . During this time they had voted 34 times, and made no choice. By the vigilance of the Masons, the Grand Master, rose gradually from eight votes to 98, being more than one third of the whole given in. His popularity seemed to increase in proportion as the *sign of distress* met the eye of a worthy brother. I presume to say, speaking within due bounds, that I saw him give Masonic signs at least thirty times in the course of the day and the evening (Query: Do noble Lords and gentlemen find an English Lodge a convenient place to concoct political schemes?)

"The Masons by their influence drew in many who were not Masons and who were ignorant that it was a Masonic manoeuvre. Many of the big party-men of the town, being Masons, obeyed the sign, and voted directly contrary to their political principles—and they voted where nothing but Masonry could possibly have drawn them. I make this statement to show that Masonry does *sometimes* exert political influence, this being one of a number of cases of the kind that came under my own observation. I think that it verifies that saying of our Grand Master De Witt Clinton that, 'Masonry has politics of her own.' †

So far, the courageous Mr. Allan: the admiration his conduct called forth in his colleagues is seen in the following passage by another 'anti-mason,' in the same volume: "He made powerful demonstrations in the Masonic corps. Thousands in consequence withdrew from the Order, and seceded. But the Craft's untiring vengeance pursued his steps in all places. He was insulted, mobbed, sued, imprisoned, abused and libelled. The house in which he lectured was more than once torn down."

In spite of Mr. Allan's triumphant statement that "the whole world now knows Freemasonry for what it is . . . a sink of moral corruption," the Inner Masonic Circles managed to checkmate the forces behind the anti-masonic movement. The *Encyclopaedia Britannica* concludes its short article:—

"Shrewd political leaders determined to utilise the strong anti-Masonic feeling in creating a new and vigorous party to oppose the rising Jacksonian Democracy. In this effort they were aided by the fact that Jackson was a high Freemason and frequently spoke in praise of the order.

"In the elections of 1828 the new anti-masonic party proved unexpectedly strong—in 1829 the hand of its leaders were shown, when, in addition to its antagonism to the Freemasons it became the champion of internal improvement and of the protective tariff—in 1831 the party at a National Convention in Baltimore nominated as its candidate for the Presidency William Wirt of Maryland. The fact that W.W. was not only a Freemason but even defended the order in a speech before the Convention that nominated him, indicates that simple opposition to Freemasonry soon became a minor factor in holding together the various elements of which the party was composed."

†This is a shrewder remark and does not 'verify' what has gone before.—T.J.

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THE CLOVEN HOOF

An editorial in the *Draper's Record* (August 2) calls attention to statements in the report of Suburban and Provincial Stores Ltd., which is owned by John Lewis & Co., under the chairmanship of Mr. J. Spedan Lewis, in which "politicians of a certain type" are accused of talking nonsense about the displacement of the little business.

That a big financial organisation like John Lewis's should see things from this point of view is quite natural—there's nothing like leather to the shoemaker. But that it should seek to defend its attitude by moral reflections upon the little-business man is a bad sign of the times. And it is not surprising that this has roused the editorial wrath of the *Draper's Record*, particularly as Mr. M. Watkins, who is a director of Suburban & Provincial Stores Ltd., has recently been appointed Director-General of Civilian Clothing.

If Mr. Watkins is to be judged—and how not?—by his Board's statements, he is certainly true to Bureaucratic Type. Listen to this: "The reduction of the scope for efficient small-scale enterprise is certainly regrettable from some standpoints. But many a man and woman, who as an independent trader would be dishonest or extortionate or a petty tyrant, is a far better citizen in a position in which he is under less severe economic pressure or *not free to give way to bad tendencies in his own character.*" [My italics.]

Can you beat that last bit for an ordinary business concern's annual report? It surely affords a perfect example of the disastrous results of undue economic pressure on the human mind—results obviously not confined to the small-business man!

The report goes on to lay a full-size wreath on the grave of the hypothetical "really good type of small independent trader" with "the sense of responsibility and the pride of achievement that commonly arise from independent ownership," and then goes on to show what its compilers *really* think of the individual human being. That they select the small draper for their target is only the accident of trade rivalry. "But those, who think or talk like this, should not forget or fail to remind their hearers that in all countries at all times the small trader has tended to be despised. He has tended to become a byword for petty knavery and for cringing deference to his customers; the former partly be-

cause he was greedy but partly because he was under excessively severe economic pressure; the latter because his small-scale independence made each of his few customers excessively important to him, *with results good neither for his character nor for theirs.*" [My italics.]

That puts the matter really neatly; not only supplying a conclusive epitaph for the retail individualist, but at the same time proving neatly why we as consumers should only patronise such organisations as Suburban & Provincial Stores Ltd., and Marks & Spencers, lest our excessive importance in the local draper's eyes should injure his character and our's, and through us the morale of the whole nation.

It is an unpleasant thought that the development and open expression of such a mental attitude should constitute the qualifications of those who are being put in positions of power on what is known as the "home front" in these days of national trial. We all tend to seek for moral reasons for what we want to do; but it surely takes economic pressure of the severest kind to stir up such abysmal depths of hypocrisy and puritanism as are displayed here.

This, in its own sphere, is surely the operation of those "evil things" referred to by Mr. Chamberlain; the attempt to down your rival, not in a fair trade fight, but mentally, occultly, to "wish" him out of your path and to hell, by inverted philosophical methods that are a perversion of the human intellect. As an antidote to this poison there is nothing that can save us but the natural Christian decency of man, and perhaps of the Englishman—that may rebel against such practices. To quote from a recent letter of Major Douglas to *The Scotsman*: "The comprehensive Utopia is the result of the organised centralisation of the will-to-power. Its defeat and our escape from it cannot be by way of alternative Utopias of the 'planned' variety, but by organic growth resulting from its progressive de-centralisation."

One welcomes the summing-up of the editorial in the *Draper's Record*: "We think it essential that Mr. Watkins should either publicly dissociate himself from that part of the report or reconsider his position at the Board of Trade, because small traders as a body may question the impartiality of any person who subscribes to the view that they have 'tended to become a byword for petty knavery.' Further, the matter should be raised in Parliament, and we suggest that small traders write to their local Members on the subject." It sounds the right note. Let the "little men" respond!

N. F. W.

LORD LOUIS MOUNTBATTEN

A "surprise announcement" (*Daily Mail*) in New York is that the aircraft carrier *Illustrious* "would re-enter the fight against Germany under the command of Lord Louis Mountbatten" who arrived in New York on August 19 by clipper.

Lord Louis Mountbatten married a granddaughter of Sir Ernest Cassel. He is second cousin of the King. His brother, the second Marquis of Milford Haven, who died in 1938, was a director of Marks and Spencers.

Lady Louis Mountbatten is going to America to express directly to the American people the thanks of the Red Cross and St. John War Organisation for the assistance they have given. She expects to be away from six to eight weeks.

Economic Collaboration or Economic Dictatorship?

By JOHN MITCHELL

The chief significance of the Churchill-Roosevelt declaration can be appraised with more precision by reference to statements outside the declaration itself, which is capable of wide interpretation.

Plans precede action, and the Planners have evidently decided that economic federation is a necessary preliminary to political federation. P.E.P. put this decision in print in its broadsheet *Planning* of July 1, 1941. It said: "To think of a *start* [my italics] being made in terms of drafting constitutions, federal or other, is unnecessary and unreal." Clarence K. Streit and his group of Federal Unionists will therefore have to wait their turn.

The Times's Washington correspondent described the Declaration as having one thing "in its favour—its choice of economic realities as the point of reference."

The Times's leader of August 18 followed this up by saying: "The declaration has served the valuable purpose of throwing into relief the two burning issues of international order—the problem of economic organisation or 'freedom from want,' and the problem of armaments or 'freedom from fear.' . . ."

"... Disarmament thus becomes an economic rather than a strictly military problem, whose solution must be sought through policies of economic organisation. It would seem that some system of pooled and centralised control not merely of armaments, but of 'war potential' . . . will be ultimately required. . . ."

We will let P.E.P. continue the story. *Planning* for July 29 says: "Control of raw materials dates chiefly from the last war or after, although a few schemes were in operation before 1914. . . . The great dislocation of economic life resulting from the war made control more necessary. . . ."

"The other effect of the war was to make control generally, and government intervention in particular, much more practicable. . . ."

"The second stimulus to the establishment of control schemes was the Great Depression after 1929. Many producers of commodities which had escaped control after the war were now forced to set up schemes. . . ."

The third stimulus to control schemes was referred to in *Planning* in 1938, when it said: "we have started from the position that only in war or under threat of war, will a British Government embark on large scale planning."

Planning of July 29 continues:

"The simplest general pattern would be for each producer of key commodities to belong to a national association of producers of that commodity, which would in turn belong to an international control for that commodity. This in turn would be affiliated to an international Raw Materials Union for all commodities. The latter organisation could be built up on the lines of the International Postal Union as a club to which it did not pay to belong. It would be a non-political body, whose chief concern would be to promote economic welfare."

"The authority of such a Union could be adequately established if the Governments of the Allies and the United

States agreed:—

"(a) To join the Union;

"(b) To conclude no trade treaty with a non-member State and to give such States less favoured status in economic matters;

"(c) To bind the producing and consuming industries within their jurisdiction of the key raw materials to adhere to the appropriate international commodity controls;

"(d) To prohibit their nationals from adhering to any international agreement for regulating the production of or trade in a commodity otherwise than under the auspices of the Raw Materials Union; and

"(e) To assert the principle that discrimination exercised to give effect to decisions of the Union or its constituent bodies should prevail over any commercial obligations or contracts, including most favoured-nation clauses. (Article 44 of the International Sugar Agreement already goes some way in this direction.)

"... An International Reconstruction Commission, charged with planning and carrying out a definite programme, would probably produce better results than the unco-ordinated efforts of individual governments. The task of such a body would include the establishment of priority of demands by allocating raw materials to given industrial plants on either sides of national boundaries and the control of credit and international lending to the affected areas, so that there was no repetition of the indiscriminate lending which took place after the last war. If a nucleus of the proposed Raw Materials Union could be established during the war, the Commission, as perhaps the largest purchaser of food and raw materials in the immediate post-war period, might become a member of it.

"... Experience gained in the Reconstruction Commission would be invaluable to any international political organisation set up after the war, for this body could take over the powers of control exercised by the Commission and adapt them to the long-term task of progressively raising the standard of living in all parts of the world, of encouraging expansion of economic activity, and of buttressing world peace."

In *The World After Washington* Major Douglas described "the real objective" of the Planners or "the powers represented by Wall Street and Washington" as "the stabilisation and centralisation of the present World Order of Finance and Law. . . ." But what is the problem which confronts the Planners? According to *The Times's* leader of August 18: "The crux of the problem was the drying-up of purchasing power, of production brought to a standstill and men kept in idleness, not because there was no demand for their products, but because there was apparently no method known to orthodox finance of bridging the gap between consumer and producer." *The Times's* leader writer then proceeds to claim that America's P.E.P.—the New Deal—"went far to surmount" this problem "in the national economy of the U.S.A." One of the best known results of the New Deal is that in 1939 there were more than ten million unemployed in the U.S.A. *The Times* cannot afford to be frank about the nature of the problem facing it and the Planners, which is how to keep men busy (for the Doctrine of the Planners says, "If a man will not work neither shall he eat") and at the same time to prevent them from enjoying the full products of their labours which modern applied science makes it possible to produce. *The*

Times's leader writer thinks that China can help in solving this problem: "China has an immense role to play in the rebuilding of a system of widely shared and distributed international trade; for much of her natural wealth is still undeveloped, and it will be her part in world trade to provide for many years to come a vast potential market of expanding consumption."

But P.E.P. sees the most important weapon of sabotage for peace time, to take the place of the sabotage of war, in control schemes. Nineteen pages of *Planning* are devoted to a discussion of an elaborate mechanism of sabotage, which is at the same time to be a system of government. The following is a summary of seven ways of sabotage: "(a) Restrictions on acreage sown, livestock kept, . . . (b) Restriction on gathering crops, . . . (c) Destruction of part of the crop where production is not easily controlled. . . . (d) Restriction of exports. . . . (e) Division of markets. . . . (f) Financially assisting producers by means of loans, subsidies, or compensation schemes to enable them to withhold supplies from the market. . . . (g) Financial operations to affect the market price. . . ."

And the means to start another war—a large centralised German Reich—is to be kept ready in case people anywhere show signs that they are not yet sufficiently conditioned to accept this tyranny: *Planning* of July 1 says "We cannot afford to think in terms of carving up Germany—an irrational fear response based on the mistaken assumption that the Germans are inherently willing and inherently able to embark upon aggression, regardless of any measures we may take to prevent it."

Why did not "we" take those measures to stop the present war? "After a second German defeat," says *Planning*, "and the creation of efficient world controls of common services and raw materials it will not be difficult eventually to develop a Germany as thoroughly conditioned to European co-operation as Nazi Germany is conditioned for aggression. . . ." Precisely, but the people who present a threat to the peace of the world are the people who condition the German people for aggression; the German people are merely tools. Conditioning them for "European co-operation" does not remove power from those who use the German people, and who can recondition them for war.

P.E.P. has told us in plain terms that war and Depression are the means for imposing Legalistic controls on the world. The people of the world do not want the Legalistic controls, but the Planners do. Who is it then who wants war? Let us keep our eye on the ball.

The Planners want to keep the problem of undistributed plenty unsolved. Social Crediters want to solve it and know how to do so. The battle which is now being fought out has never been summarised better than in the following passage from *The World After Washington*:—

"... enter a third party, Modern Applied Science and technology, which says, 'I will show you how to place the burden of Humanity on the backs of machines; to harness solar energy, through the medium of steam, oil, water-power, and even atomic energy so that one man, working under conditions of great comfort and enthralling interest, shall produce for one thousand, both food, clothes and housing.'

"Thus between Modern Science and the Doctrine [if a man shall not work, neither shall he eat] is declared war to the death; for either Science will win, in which case the increasing majority of human beings will, in the nature of

things, and not by any legalistic process, be released from the slavery of arbitrarily conditioned Employment (which is the stronghold of the Doctrine) or Finance and Legalism will continue, as at present, to counter each advance of Science, so that labour-saving machinery will only enable men to do more 'work,' while sabotage and mis-direction of effort will dispose of and waste the product, until such time as Science, misused and prostituted by the Captains of Industry, who know everything about their business except what it is for, will destroy civilisation."

Let us keep our eye on the ball.

PARLIAMENT

New Defence Regulations

AUGUST 6.

Oral Answers to Questions (37 columns)

POST-WAR RECONSTRUCTION (GREAT BRITAIN AND UNITED STATES).

Mr. Martin asked the Secretary of State for Foreign Affairs whether conversations have been begun, or are contemplated in the near future, with the United States of America on the subject of post-war reconstruction?

Mr. Eden: Some of the aspects of post-war reconstruction have already formed the subject of exchanges of views of an exploratory character between the United States Government and His Majesty's Government. My hon. Friend may rest assured that His Majesty's Government fully appreciate the importance of this subject.

DEFENCE (GENERAL) REGULATIONS, 1939.

Mr. Spens (Ashford): I beg to move,

That an humble Address be presented to His Majesty, praying that the Order in Council, dated July 18, 1941, adding Regulation 78 to the Defence (General) Regulations, 1939, a copy of which was presented to this House on July 29, 1941, be annulled."

The Regulation to which the Motion refers is an addition to the series of Defence Regulations which enable Ministers to control undertakings and companies in the national interest. The House will remember that, under the Defence Act, two alternative powers were given to the Executive, either to take possession of an undertaking or to control an undertaking. In cases where possession is taken, the procedure is fairly simple; the requisitioned premises are at the disposal of the Government, and those interested in them are entitled to the compensation laid down by the Compensation Act. In cases of control. . . . The undertaking remains the undertaking of the company, who still continue to own it. Originally, the procedure for control consisted in the Minister of Supply, where he thought fit, making an order that certain industries or certain undertakings should be controlled, and that having been done, the controller appointed was in a position to give directions as to how the undertaking should be carried on.

In the great majority of cases, undertakings were carried on under those directions without any difficulty, in the national interest. In cases, the control had to be tightened up, and under Regulation 54, the Minister of Supply was entitled to appoint authorised controllers of the undertaking; and then any competent authority was entitled to give orders to those authorised controllers how that particular undertaking was to be carried on. I think the competent authorities now include almost all the Depart-

mental Ministers, with the possible exception of the Minister of Information. . . .

The controller appointed in fact becomes at once a kind of super-director. The board of directors and management remain, but they have to act under the directions given by the controller. In some cases, almost inevitably, clashes arise between the controllers and the board of directors of the company. The board of directors and the management have, after all, the legal obligation to consider the interests of the particular undertaking, both its immediate interests and its future interests, and however much they may desire to do matters in the national interest, there are occasions on which what the controller thinks necessary in the national interest may conflict with what a perfectly honest, honourable and patriotic board of directors think desirable for their own particular company.

I give a simple instance. Assume that a company has a large issue of debentures and has accumulated a reserve fund for the purpose of meeting those debentures when they mature in the year 1945. The controller may think that the reserve fund would be better spent, for the momentary national advantage, in purchasing new premises and equipping them, or in carrying on some new activity. The board of directors may say that that would land the company in bankruptcy and insolvency after the war, and there may be a perfectly genuine and honest conflict of opinion between the board of directors and the controller. There have been such instances, and to meet that sort of case this new Regulation is being added to war-time legislation. It deals with two matters. In cases where authorised controllers have been appointed, it authorises the competent authority, at their will to dismiss any director or manager if, in the opinion of the competent authority, that director or manager has been in any way obstructing the controller in what he thinks ought to be done. In such a case, the competent authority will no doubt come to a decision on the advice given by the controller. Secondly, the new Order authorises the competent authority, if he thinks fit, to acquire the whole of the share capital of the company by having it transferred to nominees of the competent authority, at a price to be fixed by the Treasury or, if that is not acceptable to the shareholders, at a price to be fixed by an accountant to be nominated by the Lord Chief Justice.

These are extremely drastic powers for the Executive to take. I will not say that such powers are not necessary in some shape or form, but I venture to criticise the Order as it is worded at present and to point out how utterly unfair it is that every option in the matter should be given to the Executive while the shareholders and others interested in the company should have no right to protest against what is being done or to prevent their shares being acquired. . . .

What is more, tucked away in the Order is a provision that no application to wind up the company may be made by anybody. Therefore, you may have the position, during the whole of this war, that a company may be run by the nominees of a Department, carrying on work unauthorised by its memorandum, and disapproved of by the shareholders, and no sort or kind of relief or remedy given to the shareholders. An option ought to be given to the shareholders. . . . If a majority of their elected directors are displaced in this way, simply by a piece of paper signed by the competent authority, they should have the right, if the majority of them think fit, to say to the competent authority that "In these circumstances you have to buy our shares." The option

should not be solely in favour of the Executive, leaving the subject no sort of right at all. . . .

While the Order seems to contemplate that in certain circumstances it may be proper for the competent authority and the Treasury to buy share capital, there is nothing in the Order about what is to be done regarding loan capital. But there is in the Order—and this is all-important—provision that no application for winding-up a company is to be made at all. You may get a case in which a company at the present time has shares of very little value, has very little share capital, and has been financed by loan capital. It may have reserve funds accumulated for the purpose of paying back that loan capital. The whole of the board may be displaced, the nominees of a Department may come in, and the business may be run for any purpose those nominees think fit. As far as I can see, the debenture holders and those who have loaned money are left without any sort of remedy at all. They can bring action but, if they get judgement, unless they are in a position to enforce judgement by winding up the company, they are absolutely helpless. . . .

I return to the question of preventing any application for winding up a company. That means that these nominee directors may carry on a company and run into debt, and the creditors will have no remedy. There is a great body of law which lays down the duties of directors to their companies. Those duties are in the nature of quasi-trustee duties to the concerns of which they are in control. I am reasonably certain that if the directors of a company, whether they are the original directors or nominees put in by a competent authority, use the assets of the company for any purpose which, however important nationally, is against the interests of the company, they will be considered by a court of law to have committed misfeasances unless some very clear legislation is passed. . . . What is envisaged as the future of these concerns? At the end of the war all Departments will have shares vested in nominees. There is nothing in the Order to say that the original owners shall have any chance of getting their businesses back. Are the owners who are dispossessed to have no right whatever to get back their interests? It seems to me that the matter is one which raises not only the difficulties of administration of procedure which I have mentioned, but matters of principle, which are of very great importance to the future of industry in this country and I do beg that the Order shall either be reconsidered and a new Order brought in, or that my hon. Friend will promise that the points raised shall be carefully considered with a view, if possible, to bringing in an amending Order at an early date.

The Joint Parliamentary Secretary to the Ministry of Supply (Mr. Harold Macmillan): . . . There is, then, the power in Regulation 55 (4), subsequently amended by another Regulation, by which the competent authority may put in an agent or controller to carry on the business of a particular undertaking. The cases in which we have done that, or would wish to do it, are very few in number. . . . I would say that the percentage of cases in which I can conceive of these powers being used is less than 1 per cent. a fraction of one per cent. . . . I hope my hon. Friend will use his great influence to let industries know that this Order is not in any way intended for any other purpose than to deal with one or two rather intractable and difficult cases that have, in fact, arisen. . . . It so happened that in one or two

cases we have had refractory and difficult managements in undertakings engaged on munition production of the very highest national importance.

What are the powers we have? At present we have the power to put in a controller or an agent—this is under the existing Regulation. . . . That would appear to have been a sufficiently powerful Regulation to achieve our purposes in these very small number of cases. But in fact it has led—and this is the reason for this new Order—to a rather foolish and undesirable position. In the particular case I have in mind, the controller or agent was appointed under the existing Regulation. The affairs of the company were then being carried on by the controller, with the existing board, or some of its members, doing everything they could to make his position impossible in important and unimportant matters. Friction between the authorised controller and the existing board of directors took place, and a situation arose under which the affairs of no undertaking could be carried on—certainly not to the advantage of the shareholders. . . . There was a very unfortunate series of conflicts. When we put in a controller or manager, we usually obtain the services of a distinguished and well-known industrialist, who in this case was voluntarily acting as a piece of national service on behalf of the Government. Such a man finds himself in a very ludicrous position when he is put in by the Government to control a factory doing vital munition work if he is obstructed in every way, both in petty and important matters, by the existing board of directors or some of its members. The board in this particular case went so far as to bring an action against us. I think the House will agree that this is not a very satisfactory way of carrying out important contracts for munition work. Therefore it has been decided to take two additional powers, and, as my hon. and learned Friend has said, they are, of course, drastic powers. They give power to remove directors and appoint directors in their place.

It is quite true that under those powers we can remove the whole board of directors and allow the controller to carry on his duties unhampered by a recalcitrant board. When seeking advice on this matter, we were very much impressed with the very point my hon. and learned Friend has made. It does seem to be a rather strong measure in war-time to remove a board of directors. Therefore, we have taken a second power, namely to purchase at a fair price the total share capital of the undertaking. . . .

The history of the matter started with control working reasonably well, though there were one or two cases of difficulty. We then wished to get practical control unhampered by obstructive directors, so we have taken the power to appoint our own directors. In some cases the majority of the board might be friendly to the Government and the controller, and there would only be one or two directors whom we should wish to remove. There we should act under these powers. But I feel the force of the argument put by my hon. and learned Friend, and I will have the point carefully inquired into. If we felt that the whole board, representing all the shareholders, was so out of sympathy with the Ministry and so unwilling to work in any kind of co-operative spirit that we wished to remove them all, I can give a definite undertaking that we should certainly proceed with the second power and purchase the whole business at the true and proper value of the shares. . . .

But I will examine it again to see whether some equivalent and balancing power [for the shareholders] might be introduced by amendment. . . .

They [the Government] will only exercise control because they intend to place large orders with the company, and that will put the company in a rather good financial position. I do not think, therefore, that there is any reason to suppose that the loan capital or loans will be any less well secured when the Government are using the company for placing large orders than they are at the present time. I will, however, have that point more specifically looked into to see whether any amendment ought to be made. . . .

There is, finally, the question of the future of the shares which may come into the hands of the Government. I can only say, and I can see the eye of the Financial Secretary of the Treasury upon me, that I should think the last thing the Government would wish for would be to find itself landed with large blocks of shares of a large number of engineering companies at the end of this war. . . .

If we can, after very careful examination, we shall do our best to circumscribe our powers, but we wish to have them and we ask for them only because they are necessary in the national interest.

Motion, by leave, withdrawn.

CORRECTION: In the extracts from the debate on the Ministry of Supply (July 29) in *The Social Crediter* of August 16, a passage from the speech of *Mr. Marcus Samuel* (Putney) was erroneously attributed to *Mr. John Wilmot* (Kennington). (Page 9, column 2.)

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