

# THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

Vol. 7. No. 3.

Registered at G.P.O. as a Newspaper  
Postage (home and abroad) 1d.

SATURDAY, SEPTEMBER 27, 1941.

6d. Weekly.

## "The End of the Financial Age"

By JOHN MITCHELL

The title to this article is the term used by *The Economist* of September 20 to describe the significance of the departure from the gold standard in 1931, which it refers to as "the failure of the last attempt to restore the dominion of finance over economics." It would seem improbable that International Finance had at that time such a clear foreknowledge of the course of subsequent events as to recognise the finality of the abandonment of the gold standard, but the founding of P.E.P. under the chairmanship of a director of the Bank of England in that year is clear evidence of a recognition that government of the world would have to depend more and more upon other means than finance. In the words of *The Economist* the "Foundations of a new order of ideas have been laid in the ensuing years, in Britain, in America and in Germany, and the war will carry the process much farther." But if the work of the Planners has done much to give currency in thought and action to socialist ideas, other influences have been and are increasingly effective in making a reign of bureaucracy as uncertain as a reign of gold. The following passage from *The Economist* leaves no doubt that the impact of Social Credit ideas is already shaping events in a way which is embarrassing to Finance:—

"The world is showing an unmistakable tendency to argue that, if a thing is physically possible, whether it be fighting a war or removing unemployment, it must not be stopped by considerations of 'sound finance' alone. In war, finance is manifestly merely a camp follower, and the tendency is to reduce it to dependent status in peace as well. Whether the world will find more happiness than grief in this new order of ideas must be awaited with some scepticism, but that this is the trend of events is unmistakable."

The Social Credit idea that what is physically possible can be made financially possible, endorsed by the realism impelled by war, has dealt a death blow to "sound finance." Another Social Credit idea is laying the ghost of the "inflation bogey": On September 13, *The Economist* wrote: "Every sign is that there is month by month a growing excess of spendable incomes over the value of goods available at present prices. Nevertheless both the Government and its critics are agreed that there has in fact been little inflation." Inflation has of course been prevented by price control assisted by the application, if in a very crude form, of the Social Credit device of price discounts, upon which the Government has admitted the expenditure annually of more than £100 millions. Although he could not fail to know that inflation has been checked in this

way, the writer in *The Economist* asserts that it has been done by "the restriction of supplies, by extended rationing and by a general disposition on the part of consumers to hang on to their money," whereas it is self-evident that a restriction of supplies, far from checking inflation, would have exactly the opposite effect if there were no form of price regulation in being; and again, rationing is not concerned with prices. But the same writer admits that inflation has been checked "not by the effective curtailment of 'excess' incomes (by means of taxes—swingeing though these imposts have undoubtedly been—savings or restraints on wages and salaries)." In view of this admission it would be interesting to know why *The Economist* should think that taxation is necessary since it also admits that the Government is able to obtain money for expenditure on the war from "the creation of bank credit." The answer to this question is all the more urgent in the light of another statement in the same article. This says: "War production is suffering from lack of incentives. Just as it is in human nature that the small and moderately sized firms, who together count powerfully in total production, would work with more will with E.P.T. reduced to 70 per cent. or less, so would workers pass much more rapidly into the essential industries, which tend to preserve the wage levels of the depressed trades they were before the war, if they could be offered higher wages."

The acceptance in principle by the Government of yet another Social Credit idea appears to be foreshadowed by a leading article in *The Times* of September 9, entitled *The Social Minimum*, in which it is declared that we are "within sight of a deliberate and considered policy of subsidised consumption—or perhaps in certain cases of free distribution—of certain essentials...."

"... By way of a start it is no bad thing to demonstrate in a simple and irrefutable manner the principle that by making the necessaries of life accessible to those who need them we also provide a regular market for those engaged in their production, and thus create a degree of prosperity which will help us some way towards a solution of the problem of cost."

Three Social Credit principles are therefore actuating and to a limited extent being applied in the implementation of Government policy:—

(1) It is recognised that what is physically possible can be made financially possible, and as a result some of the financial restrictions on production have been removed.

(2) It is recognised that in time of peace there is a chronic deficiency of consumers' purchasing power, and the principle of subsidisation of consumption has been adopted, although so far as the Government's views on post war policy have been made known it is clear that a very in-

adequate conception is held of the extent to which subsidisation of consumption will be required.

(3) It is recognised that inflation can be prevented by price regulation and purchasing power increased by subsidising low prices, and in achieving these ends an imperfect application of the principle of compensating prices has been adopted.

But this is far from saying that a Social Credit *policy* has been adopted. The imperfect use of Social Credit principles as at present practiced or contemplated by the Government cannot be said to be more than a bribe or enticement to the people to continue subservient to institutions and systems whose policies are directed by governments. A Social Credit *policy* would release the individual from the conscious or unconscious tyranny of institutionalism. It is clear that only a very small percentage of the power or credit potentially available to the community is to be released for *individual* use through that part of Social Credit mechanism which has been adapted by the Government so far. That this mechanism is not intended to be used for the implementation of a Social Credit policy, but merely to purchase subservience of the people is evidenced in the concluding passage of the leading article in *The Times* already quoted above. It says:

"A community which assures to all its members a fair minimum standard of life, no matter what befalls, is entitled and obliged to insist that all the members play their full part in the production of the wealth that makes these benefits possible. If this opportunity is not open to all through the existing organisation of our economic life, then some other way must be found of offering service to the community and adding to its resources. Here, too, *minimum* standards and *full* employment are linked together, and depend one upon the other." [*My italics.*]

The mechanism is there for the distribution of power to the individual members of the community. The benefits which the public derive from it are dependent upon the amount of power available and the will of the public to have it at their disposal. There is an organised sabotage of both of these factors. The destruction of the material factor is being accomplished through the media of centralisation, monopoly and Planning. The destruction of the moral factor is being effected by other means. The perversion of natural desire and behaviour by propaganda and education directed to this end is among the means. The following passage from the daily column of a newspaper columnist provides a good example of this sort of evil:—

"If the desire for a brave new world is based on nothing more than greed for more comforts, more luxuries and more money—and money power for *everybody* [*my italics*], we will be better off without it.

"But if it is based on a genuine desire to alleviate distress, to solve social problems and to give the country sound, impartial and progressive government, we had better examine our governmental structure without delay and discover what is wrong with it."

"These things are evil because they exalt getting above giving. They destroy the national spiritual fabric because they tend to atrophy the natural instinct to serve; because they tend to controvert the axiomatic principle [*sic*] that the average man would rather obey than command; because they tend to throw into ridicule the eternal truth that it is better to give than to receive."

We can draw encouragement from the fact that the major illusions of the Financial Age, which concern money and inflation, are being shattered. The illusions of the Bureaucratic Age, among which are the blessedness of work for its own sake and the value of elevating the "community" above the individual, as well as the virtues of legalism, will also be shattered. Social Crediters are laying the foundations of an Age that will last for ages because it will be built on sound foundations and the people of the world will want it to last. Judaism, like its offspring Nazism, is doomed.

## FROM WEEK TO WEEK

"Mr. Churchill," Mr. Hore-Belisha is reported to have said at the recent conference of the Liberal National Party, "had the imaginative idea of offering to France a common citizenship. Unfortunately the offer came too late.

"But there is far more reason to have a common citizenship with America. If the American declaration of Independence were turned into a declaration of interdependence we should have laid the foundation for permanent peace for the world.

"Our influence and power would prevail over a wide extent of the earth, and no one would dare to declare war if the Atlantic Charter were put into operation. It is the most hopeful idea that has come out of this war."

So 'hopeful' that a war was necessary to put it across.

An Allies' "League of Nations" has been formed in London. Its official title is the London International Assembly, and it is under the auspices of the International Committee of the League of Nations Union. Its purpose is "to serve the common cause of all those nations that are resisting aggression, by providing opportunities for people from Great Britain and each of the Allied and associated nations to understand more fully each other's history, economic development, institutions, way of life and national aspirations, and to consider the principles of post-war policy, and the application of those principles to the problems of national and international reconstruction."

The United States is represented on the assembly. Meetings will be private. Viscount Cecil, the president, stated at the first meeting that it would not be the business of the assembly to draw up treaties of peace.

"HORROR!

"As for rural areas, planning will be just as important in relation to the village as to the town. (A Planner.)

"To begin with, nothing could be more unwelcome or more abominable than to extend what is called 'planning' to what are called 'rural areas.' Both terms have begun to nauseate all but the intellectuals.

"The thought of a crowd of babbling 'experts' trying to 'improve' the countryside from a London office is so horrible that the gorge rises, and black cubes float before the eyes."

— BEACHCOMBER in *The Daily Express*, September 17.

### Why Not Pay It?

A City-editor writes: "Speculators on the Stock Exchange are beginning to put their money on the chances of an early victory." It seems that following President Roosevelt's recent speech the volume of business on the Stock Exchange had been greater than at any time during the past five years. But the stimulus was toward speculative, not investment activity—in still-developing South African gold-mines and in depressed South American railways, for instance. The inducement to "punters" is that profits "made" in this kind of speculation are not subject to any tax whatever. Hence many operators have recently "made" as much profit as will meet their actual income-tax demands for the whole year.

In contrast with this quite legitimate way of "making money" according to the rules of Sound Finance may be mentioned the advertisements that regularly appear in the press pleading for financial support to the R.A.F. Benevolent Fund, which administers charity to the widows and dependents of airmen and to many of the incapacitated "few" themselves to whom we already "owe so much," as the Premier put it.

But why OWE it?

Better surely to PAY the debt than to owe it a day longer. Parliamentary rhetoric would have a truer ring were legislation to be passed for PAYING a little more cash to those gallant few to whom the many owe so much, both morally and physically.

Or must our airmen in the fighting line continue to take the lion's share of the physical risks for the minimum pay, while the City-men are permitted to "earn" their untaxable war-profits with the minimum of risks, such profits not contributing even a mouse's share to the national Exchequer?

All too often one reads of young officers in trouble for theft or for trying to pass worthless cheques or for other "crimes" to which they have been driven owing to the meagreness of their pay. Some have even committed suicide because of the hopeless financial mess into which they had unhappily landed. Doubtless the be-ribboned and be-medalled nonentities in the pay department of the War Office are responsible for a lot of the muddle of delayed disbursement. But this official muddle has become such a national scandal that it must already affect the mental efficiency of many a young airman who cannot help worrying over his dependents' suffering the indignities of departmental cross-examination over delayed payments. The physical devastation of a delayed-action bomb is almost negligible compared to the mental and moral devastation caused by the delayed action of a pay-office official sitting tight on a pay-envelope with the stupid persistence of a broody hen on a dummy egg.

WILLIAM BELL.

### CORRESPONDENCE

#### A Point of Propaganda

Dear Sir,

At Woolworths, books are being sold advocating the handing over of our Air Force to an alien International Government, ostensibly to keep the peace. This literature is displayed in full view of the public.

At a counter near by, is sold note paper which bears a blue crest obviously copied from the Royal Air Force crest, with the same words *Per ardua ad astra*. But three changes have been made.

I attach to this letter the genuine R.A.F. crest showing King's Crown and Fighting Eagle.

I also attach the substitute crest from the Woolworth note paper. In this you will notice that the King's Crown has been changed to the Imperial Crown, the Fighting Eagle has been replaced by the dove of peace, and the design at the base has been altered to represent the olive branch.

Has sanction been obtained to publish a variation of the Royal Air Force crest? Is the sale to the general public of notepaper bearing a resemblance to the official notepaper of the Royal Air Force authorised? If so, by whom?

What are our Members of Parliament about to permit the open sale of such literature in the midst of the greatest war in history, and the open distortion of our Royal Air Force Crest?

We are fighting for individual and international freedom, not for the setting up of any international control or government, which (especially as our minority representation would count for naught) would effectually kill our freedom and all chance of making Britain a land fit for heroes to dwell in—which latter we actually can accomplish *this* time provided we keep our freedom.

Yours faithfully,

September 13, 1941.

A. E. L.

#### 'Stamp's Baby'

"I heard to-day the claim made that the late Lord Stamp was helped in his career by advice given him by a former London journalist, who 'covered' Civil Service affairs.

"When Lord Stamp wrote his first book on economics, he was persuaded by this journalist to present a copy to Lord Burnham,\* who, besides being a newspaper proprietor, was an authority on finance.

"Lord Burnham was interested and published a review by the same journalist. The review was seen by Mr. McKenna, then Chancellor of the Exchequer. It impressed him, and he read the book.

"Then he sent for Lord Stamp to frame the Excess Profits Duty, which is still referred to in Somerset House as 'Stamp's Baby.'

"On the morning Lord Stamp was going to communicate to his chief at Somerset House his decision to retire from the Service and join Nobel's, he met this journalist and said:

"I think I am taking the right course. I see no hope of getting more than £1,200 a year in the Civil Service." — *The Londoner's Diary* in *The Evening Standard*, April 22, 1941.

#### Ontario Complies

The Provincial Government of Ontario have decided to accept the Federal Government's proposal that, in return for adequate financial compensation, the Ontario Government should surrender the taxation on personal and corporation income for the duration of war.

\*Lord Burnham's hereditary name was Levy.

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This journal expresses and supports the policy of the Social Credit Secretariat, which is a non-party, non-class organisation neither connected with nor supporting any political party, Social Credit or otherwise.

SUBSCRIPTION RATES: *Home and abroad, post free:*  
*One year 30/-; Six months 15/-; Three months 7s. 6d.*

Offices: (Editorial) 4, ACREFIELD ROAD, WOOLTON, LIVERPOOL, Telephone: Gateacre 1561; (Business) 49, PRINCE ALFRED ROAD, LIVERPOOL, 15, Telephone: Wavertree 435.

Vol. 7. No. 3.

Saturday, September 27, 1941.

### Reform, Reformers and Reformists

Wasn't it Fitzgerald who, when asked at the luncheon table by someone unfamiliar with the menu whether *réformé* had a mute 'e' at the end of it, answered, "Reform in France is always followed by an *émeute*"?

Whether reforms, in France or elsewhere, are designed to produce riots, or merely produce riots as a bye-product is a matter for historians freer from the defects induced by mass-suggestion than most of those we know. In regard to reform, as in regard to so many other matters, touch with politics and society seem to turn everything upside-down. A tailor, who is a converter of mere cloth into clothing, is honoured as a worthy and useful citizen above mere menders, patchers and converters of once-smart overcoats into boys' breeches. He is not a mere re-former of cast-offs. And compare the humble mender of pots, useful and ornamental as he was, before Woolworth, with Benvenuto, all 'fine' art and cupids and acanthus leaves. Also there is your rag-and-bone man, trailing his worn sack-cloth, but a stage nearer than the mender and the tinker to the dustman, seeking out what can be saved from the destructor to make paper and glue out of what was meant to be fine wear inside paper parcels and fine soups to nourish wearers.

But, lo and behold, when it comes to the body politic your builders of states are unceremoniously pushed aside and your re-former jumps into first place, with a capital letter and, if he does enough smashing and tearing of good things, he is stuck on a monument with his chin in the air, his knee bent and a hand stuck in his coat collar, the whole labelled 'Great Reformer' when (in France, and if Fitzgerald—if it was Fitzgerald—is to be believed) he should have been executed for a breaker of the King's peace and a manufacturer of riots.

The trouble about Reformers is chiefly, perhaps, the things they seize upon to reform. So Cobden re-formed the Whigs when all the people who didn't really know thought he was refashioning an adequate meal for the labourer, and Wilberforce re-formed wage-slavery on the pretext that he was abolishing slavery altogether. And what that Last of the Great Reformers, Lord Beaverbrook, is up to few people seem to know, though, doubtless, the Great Accomplishment will appear for what it is in time—if not in due time. Stanley Baldwin was never dubbed a reformer. He was called 'honest.'

It may be noticed that the situations provided for the Great Reformers to exercise their wits upon, your social weavers, tailors, metal-workers and breeders of fine animals

with skeletons tucked away inside them, were never considered as re-formers of anything significant, although the expansion of life has depended more upon them and people like them than upon anyone else. It is as though the world had to see a good suit ripped to bits and made up into another and an inferior suit, an operation accompanied by much gesticulation and agony of expression, before it could believe there was such a thing as a suit.

Which brings us to the question whether what Reformers—or at least those upon whom they practise their profession—suffer from is not, more than anything else, sheer poverty of imagination? Why doesn't our human society get on with the job, and send its mistakes as well as its cast-offs straight to the destructor, instead of making a virtue of making them over again? A belief is current that no one knows how to get on with the job. This has arisen in flat contradiction to the evidence, chiefly because it is a favourite trick of your reformer (who certainly doesn't know how to get on with any other job) to dwell exclusively upon something he thinks he knows, namely what is good for other people. The world of the reformer is a reform-atory.

For this reason it is less strange than it might be that so many of its inhabitants have come to accept the idea that the only choice open to them is between reforming other people and being reformed by other people. And naturally, as the young denizen grows up he seeks to change places with his tormentors, and, if he cannot put them under instruction, at least he must try to carry on the good work by tormenting someone else. The opportunities for doing so on anything like a scale satisfactory to the experimenter are greatly restricted; and so it comes about that most people are driven to discharge their presumed function in a land of dreams. Not Reformers, these; but Reformists.

The world has no further use for Reformers, and still less, if that were possible, for Reformists. The world has use for builders and constructors, for accomplished social engineers. What they contrive to bring forth that satisfies no need of human life should be 'cast into the fire.' It should not be left lying about for Reformers to exercise their irrelevant ingenuity upon.

T. J.

### About Dr. Hertz

"The Chief Rabbi of the British Empire, Dr. Joseph Hertz, will conduct the principal [New Year's Day] services for London Jews... Dr. Hertz, bearded, bespectacled, stocky, is a close personal friend of the Prime Minister."  
 —*Daily Sketch*, September 22, 1941.

#### New Leaflet

### TAXATION IS ROBBERY

Prices: £1 for 1,000; 12/6 for 500; 3/- for 100;  
 1/9 for 50. (Postage extra).

Obtainable from—K.R.P. PUBLICATIONS LTD.,  
 49, PRINCE ALFRED ROAD, LIVERPOOL, 15.

## Dr. Thomas Jones and the Shop-girl

By B. M. PALMER

Dr. Thomas Jones was the man who, in the Sunday B.B.C. Postscript for September 7, said that we did not want too much planning, "the Priestley express, or the Herbert goods train", but there was one thing we *did* want, more taxation. He mentioned a shop-girl who had already spoken her mind to him on this subject.

It seems that the day before the purchase tax came into force he was buying a sixpenny article, when the shop-girl said, "Tomorrow it will cost 7½d. That's the purchase tax to the State. Isn't it *wicked*?"

And with those words she joined hands through the ages with the hosts of English people who have always known that taxation is wicked, and have, so far, always been ready to fight against it when the issue has been clear to them. There has scarcely been a revolt in English history that has not been a revolt against a tax. The people have always known that rising taxation was against their real interests, and in the days when its incidence could be seen to be due to one man, they could quickly be moved to anger. Thus Charles I was blamed for levying ship money, and the popular indignation was used by the Puritans for their own ends. It was taxation that set the American colonies ablaze against George III, and put the match to the French Revolution.

A curious parallel to-day is the case of the Shah of Persia, who, according to the B.B.C., is held responsible by his own people for their miserable poverty, because he had appropriated so much of the revenue to his own account.

But, we shall probably be told, it is different under a government like ours. Ever increasing taxation is *good* for you when it is levied, not by one man, but by a body of anonymous individuals called the State, because of course these people will use the money in the right way, and even give some of it back to you in the form of social services, post-war credits and (perhaps) family *allowances*!

These arguments, as we all know, can be completely disposed of technically, but we will keep to Dr. Thomas Jones's line of "moral good"—it follows that if taxation is good for us now, it will be good for us after the war, so we may, if he has his way, look forward to a never-ending age of increasing taxation, becoming heavier and heavier as the state becomes more perfect.

I've always thought it unfair that listeners have no sanction while the broadcast is going on. Half the propaganda put over on Sunday nights could never be spoken at the hustings.

To throw one of Lord Woolton's eggs at the Radio would avail nothing, nor would a million shop-girls shouting, "Yes, it is *wicked*!"—even if backed up by their sweethearts—be heard in Broadcasting house. But flat contradiction is the only reply that the people can give. They cannot dispute with a man like Dr. Thomas Jones, and this is as it should be. But they need the support of their fellows. There is only too much reason to fear that the shop-girl, listening, in all probability, with only one or two others, lost her confidence for a moment, and thought, well, perhaps I was wrong."

I should like to tell her that hers were the truest words broadcast to the world that day—that she is the heroine

of the affair, and that one of the best things she can do for her country is to go on saying it is wicked, daylight robbery, to write to her M.P. about it, and set others to do likewise.

For the only possible justification for the existence of the state, is that it should distribute *dividends*.

### OPINION

## THE PAPER PLAN

"In the bombed city the girders, hanging in festoons as they were left in the last blitz months ago, still hang useless.

"They cannot be cut off. I do not mean that it is physically impossible, for engineers, left to employ their own skill, could get them down in no time, railways could carry them to the foundries, and they could be made useful again.

"But the soldiers, the engineers, the manufacturers, the shopkeepers, and also the rest of us, doing our own little jobs and eager to do more, are prevented from getting on with the work.

"What prevents us? Paper.

"We are suffering from a monstrous plague of paper.

"Every Government department is choked with it. Every works manager and every large and small shopkeeper is kept busy filling up forms or shovelling them out of his way. It is the same in the Army.

"Nobody escapes. In a grocer's shop yesterday I heard a girl say to the woman behind the counter:

"Will you help me with my ration book? You have to have a college education nowadays before you can get anything to eat."

"Who designed the ration books? There ought to be a monument to that hero. . . ."

"Alas! I don't suppose we shall ever learn his name. All such authors, buried away in Government offices, prefer to be anonymous, and I don't blame them. They are known to the rest of us as 'They.'

"They' tell us what to do. 'They' produce Form RR/PRV (Revised) M14121/7731, which every grocer must have.

"When I look at my ration book, R.B.1 (General), and the yellow supplement, R.B.9, and the old one, which still contains enough margarine coupons for a pair of socks, I feel that no one man, working alone could have produced the masterpiece.

"The Ministry of Food did not produce the ration books. They were produced, not by experts in food, but by experts in organisation. The result is that the ordinary person, interested in the ordinary task of getting enough to eat, is bewildered, by the obstacles that the experts have thrown in his way.

"Perhaps that is what the owls intended. Then they were no doubt gratified to learn from Major Lloyd George, Parliamentary Secretary to the Food Ministry, that 8 mil-



lion application forms for new ration books had been filled up incorrectly. . . .

"There is surely no good reason for our having to perform such antics. The whole business could have been done much more simply. It was done better in the last war, when we had ration cards instead of ration books.

"We had less organisation in the last war. Perhaps we had too little. But this time we have too much. We went into this war with a dreadful weight of organisation hanging on our necks, and it has been getting in our way ever since.

"We have let our affairs get into the hands of a vast horde of learned clerks and accountants, a white-collared brains trust, who think they have done a job when they have produced a plan for a job; give them credit they really believe that they are carrying out the divine plan."

—H. W. SEAMAN: *The Great Paper Plan* in the *Sunday Chronicle*, September 7, 1941.

## PARLIAMENT

### THE GLEN AFFRIC SCHEME

SEPTEMBER 10.

#### PRIVATE BUSINESS

#### GRAMPIAN ELECTRICITY SUPPLY ORDER

#### CONFIRMATION BILL (*By Order*).

[Extracts from the opening speech in this debate on the authorisation of the Grampian Electric Supply Company to erect hydraulic works in Glen Affric and Glen Cannich, Inverness-shire were given in *The Social Crediter* last week. Mr. Keeling (Twickenham moved the rejection of the Bill.)

*Major Neven-Spence* (Orkney and Zetland): . . . I was Chairman of the Joint Parliamentary Commission which inquired into this subject in Edinburgh, and having acted in a judicial capacity with regard to this Order I do not very much relish the prospect of having now to take sides in this question. However, it is inevitable under the circumstances which have arisen, and I must support the Motion for the Second Reading. I do not propose to touch on the merits of the case. . . . So far as the merits of the case are concerned I think the House ought to uphold the findings of its own Commissioners. It may be that there is a wider point of policy involved which is debatable, but so far as the merits of the case are concerned I claim that the Commissioners are entitled to have their findings accepted. . . . Had he [the mover of the Amendment] shown that there had been any grave error of procedure or any miscarriage of justice, or any new material facts had come to light since the inquiry was held, I as Chairman of the Commission should have been the first to admit that there was a case for the matter being gone into again. But nothing of that sort came to light and I do not think there is any solid ground for asking the House to reject this Bill.

*Mr. Keeling*: May I interrupt my hon. and gallant Friend to ask whether he does not think that the enormous amount of criticism which has appeared in the Scottish Press since the decision of the Commission was announced is a new and material fact?

*Major Neven-Spence*: There have been many letters

in the Scottish Press, but not one of those letters has produced a single new fact bearing on the case. So much for that. . . .

When the Private Legislation Procedure (Scotland) Act was passed in 1936 it was then considered that Scotland had got hold of something—a rather valuable concession almost a little bit of Home Rule, because it ensured that Scottish private legislation would be heard by a Commission or Committee of Scottish Members sitting in Scotland. This has worked extremely well up to the present time. As far as I know, up to now every Order examined by a Commission in Scotland and approved by them has subsequently been confirmed by Parliament. The point I want to make is this. Confidence in this procedure is very firmly established in Scotland. . . . It seems to me it would be a thousand pities if this House were to do anything now to undermine such a popular and well-established institution, but I believe that if this Bill is rejected to-day, a very serious blow will be struck at the confidence felt in this kind of procedure. . . .

To show how keen many people are [on having electricity], I would refer to last Saturday, when I paid a visit to a lonely part of Shetland where a number of crofts are situated. To my astonishment outside every croft was a windmill, each of which was generating electricity. I found that they are all home-made, and they work when the wind blows, and when the wind fails they go back to lamps. It shows how keen people are to get hold of any improvement of that kind. I think the House would be doing a great wrong to the people in the Highlands if, by its action, it delayed this scheme. . . . I am not overlooking the possibility of small schemes; we ought to do a great deal more than we have done in this country in that way, as they have done in Norway; but small schemes are mostly uneconomic and require a subvention from the rates or taxes. . . .

*Mr. Buchanan* (Glasgow, Gorbals): . . . After sitting with the Commission for a fortnight I came away with a very deep feeling that there were two competing bodies. On the one hand there was the company promoting the Bill—a rich and powerful company. This company is not merely a power company; it is the Highland Estates Company, which owns huge estates. It is not a power company in the centre of Scotland; it is a huge financial trust. On the other side were the local authorities. I do not think any other company in the middle of a war would have taken first-class engineers to Edinburgh for so many days when their ability was needed by the nation. . . . is it fair for the company to pick out only those parts of the water supply in the Highlands which will give it a profitable return? The company has rights over Brora Loch, granted by Parliament, but they will not do anything there. Eloquent pleas have been made for the poor crofters who want electricity. Do not the crofters near Brora Loch need electricity, too? Of course they do. But it does not pay, it is not an economic proposition. Let hon. Members imagine what would happen if the State, in regard to letters, said that it would not take them to Stornaway because that was not a paying proposition. . . .

*Mr. Craik Henderson* (Leeds, North-East): . . . First of all, he [Mr. Buchanan] over-emphasised a little the great power of the company. After all, it is a public utility company, controlled and regulated. What is most important, talking as a Scotsman, is what benefit will this give to

Scotland? It is not the company that we have to consider, but the benefit to the country. The hon. Member said that the company pick and choose this area. Far from that being the case, this company is supplying electricity in the most thinly-populated area of Scotland. He referred also to the fact that the company have power to carry out work at Brora Loch. I believe that is the case, but I am told that the promoters have been advised that this would be un-economic.

*Mr. Bossom (Maidstone)*: Will my hon. Friend tell the House how much of this electricity will be carried directly to the crofters?

*Mr. Craik Henderson*: I will come to that point in a moment.\* . . . .

*The Secretary of State for Scotland (Mr. T. Johnston)*: . . . . Before the hearing I was advised by the late Lord Advocate, now the Lord Justice Clerk, that questions of considerable gravity and importance to the national security might be raised at the inquiry, that, indeed, it would be impossible to avoid having these questions raised, questions, that is, as to the location of proposed and existing generating stations, transmission lines, and so on. I therefore issued a certificate under Defence Regulation 6B providing for the holding of an inquiry *in camera*. No other course was open to me in the circumstances. . . . .

There is a wider question of principle to be considered. There is no material or labour available to construct these works during this war. The Ministry of Works and Buildings and the Ministry of Labour have no doubt upon that. I do not think that admits of any dispute whatever. The question before us is: Ought we to proceed with a Measure which cannot, in the near or in any visible future, be operated but which, if passed, would, to some extent, confer most valuable natural resources and assets upon a private corporation and would tie the hands of the Government of the day when the whole question of regionalisation and ownership of hydro-electricity comes to be considered? If we confer these powers now, we mortgage the future. We mortgage the water forces of two glens and do so for nothing. We are doing it in advance of any possible operational necessity. . . . .

What the House must decide to-day is whether or not it desires to see specific statutory powers and franchises in connection with Highland water power to be operated by a private corporation in post-war years, until the year 2015, or whether Parliament will reserve its decision as to the future utilisation of the power assets of these Highland glens until such time as we can make a better estimate of post-war conditions, or until such time as the Government are in a position to bring forward their own proposals for the co-ordination of the hydro-electric resources of this country. That, in my judgment, is the issue to-day. While I should have preferred the Amendment on the Order Paper to have stated more explicitly the desirability that this House should endorse the general findings of its Commissioners on matters within the scope of their inquiries, I would advise the House to accept the Amendment.

*Mr. Robertson (Streatham)*: . . . . So far as Scotland is concerned, it was not until 1922 that anyone made the slightest effort to provide electric light and power [to rural areas]. The Grampian Company was then formed by his Grace the Duke of Atholl and others, who were most

anxious to do something for their native land; and after five years' struggle to procure the necessary finance, during which they had not been able to lay a stone or a brick to build a power house, they sold the undertaking to Scottish Power. In my belief, Scottish Power was the only concern capable of rescuing this concern from the morass into which it had got, and of making a success of it.

I would like to remind hon. Members who look upon Scottish Power as a great and successful dividend-paying concern that in its early years it went through a difficult stage. For 10 years it never paid a dividend. It struggled along, going from financier to financier and from bank to bank endeavouring to get the necessary financial support for the sale of electricity to rural areas. It was not until 1919 that it paid a dividend. When it acquired control of the Grampian Company it set about building the necessary hydro-electric works, and the Rannoch Power Station was founded with a view to generating power for sale to Scottish Power consumers in Fife and central Scotland. It would be quite impossible for anybody else but Scottish Power, other than a Government willing to subsidise the sale of electric power to the Highlands at the expense of other districts, to take on that job. . . . .

*Colonel Sir George Courthope (Rye)*: . . . . Shortly before the war the Forestry Commission visited the particular area affected by this Bill, and I am authorised to state that we decided that this area was suitable for the creation of another national forest park in the Highlands of Scotland. So far the matter has not gone beyond a provisional decision. The Forestry Commission already held considerable areas on the South-East side of Glen Affric, and along the shores of Loch Cannich, and we have every reason to anticipate that we shall very largely increase these areas. As I have said, we have had in contemplation the formation of a national forest park embracing all this area. We hope to be able to equip them, as we have done others, with camping grounds and hostels and so on, giving the holiday-makers facilities for enjoyment. . . . .

No decision has yet been reached, but I can conceive that if this scheme were carried out, the Forestry Commission would not proceed with their scheme for this particular area. I fear that the works which are proposed to be carried out under this Bill would render the place unsuitable for public enjoyment. . . . .

*Major Thornton-Kemsley (Kincardine and Aberdeen and Western)*: . . . . Lastly there is the argument which the County of Inverness has put forward, an argument to which I do not think sufficient attention has been paid to-day, because it is a most extraordinary argument. The argument is that the County of Inverness should have a prescriptive right to preferential treatment in the distribution and price of hydro-electric power generated from water resources within its administrative area. I have read everything which has been sent to me about this Order, and I believe that to be the claim they have made. The Secretary of State dealt with that kind of argument and exposed its weakness. Once that argument is admitted, you lay yourselves open to all sorts of claims for preferential treatment. The Kingdom of Fife might claim preferential treatment in the distribution and price of coal from its own coalfields; the counties of Kincardineshire, Angus and Ayrshire might ask for first claim on our supplies of home-grown potatoes; or Scotland as a whole might ask for higher rations because it is an exporter of food.

\*Mr. Craik Henderson made no direct reply to this point later.

Mr. McGovern (Glasgow, Shettlestone): Or because it is an occupied territory.

Major Thornton-Kemsley: That sort of argument is not quite good enough in these days. . . . We have to be ready after the war to encourage people to set up small industries in the rural parts of Scotland, and that can be done only if we are ready with cheap light and power. We cannot be in that position unless we confirm this Order to-day.

Mr. Hannah (Bilston): . . . Nobody knows what the Loch Ness monster is. . . . But whether the Loch Ness monster is a pre-historic animal, or whatever he may be he is one of the great problems of the present time. We have got to fire the whole American nation with the idea of solving this problem, and then dollars will flow into the Scottish Highlands as water flows over a mill stream. That, I think, is a very great hope and a real possibility for the future of these Highland lands but we are not going to get that kind of thing if we make Glen Affric a mass of concrete, belching smoke, girders and things of that kind. We do want to preserve the beauty of one of the loveliest glens of all Scotland, and to bring all America through it. . . .

Mr. Kirkwood (Dunbarton Burghs): . . . There are people with thousands of pounds to invest. Why do they not invest in something to eliminate the bracken in the Highlands of Scotland? Because it would not pay. They are interested in this scheme because it is going to pay. I have appealed here for industries to be brought to Scotland, but this scheme will not bring industries to the Highlands, except, perhaps, incidentally. These people are not interested in that; all they are concerned about is making money. The condition of the Highlands is a scandal and a disgrace, and we Socialists have hammered that fact into you for years past. Now, after we have urged that something of a drastic character should be done, George Balfour and Company exploit that sentiment in order to rob the Highlands. As far as Scotland is concerned, this Bill will be turned down.

*The Chairman of Ways and Means (Sir Dennis Herbert):* [concluded the debate by reminding the House of the strong tradition against over-riding the findings of such Committees or Commissions and of the particular service with which this procedure renders to Scotsmen and Scottish legislation. In order that nothing should be done to throw discredit on a Commission of this kind he asked whether the Mover of the Amendment would withdraw the Amendment ("That this House, while giving the greatest weight to the decision of the Commission which held an inquiry in Scotland, declines to read a second time a Bill confirming a scheme which is contentious, disturbs national unity, cannot be carried out during the war and may not be suitable or beneficial in the unpredictable conditions prevailing after the war.") and move in its place the ordinary Amendment, "That the Bill be read a Second time upon this day three months." He had received a short time ago an intimation from the agent for the promoters of the Bill that they would be prepared not to press the matter further at the present time. If the Bill was rejected in this way the reputation of the Scottish procedure would be saved, and the Bill would be dead for this Session.]

Amendment, by leave, withdrawn.

Main question again proposed.

[The Amendment suggested by Sir Dennis Herbert was then proposed, seconded and agreed to.]

Second Reading put off for three months.

## REGIONAL ACTIVITIES

Information about Social Credit activities in different regions may be had by writing to the following addresses:

BELFAST D.S.C. Group: Hon. Sec., 17 Cregagh Road, Belfast.

BIRMINGHAM (Midland D.S.C. Association): Hon. Sec., 20 Sunnybank Road, Boldmere, Sutton Coldfield.

BLACKBURN S.C. Association: 168 Shear Brow, Blackburn.

BRADFORD United Democrats: R. J. Northin, 11 Centre Street, Bradford.

LIVERPOOL S.C. Association: Hon. Sec., 49 Prince Alfred Road, Liverpool, 15. Wavertree 435.

LONDON Liaison Group: Mrs. Palmer, 35 Birchwood Avenue, Sidcup, Kent. Footscray 3059.

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## BOOKS TO READ

By C. H. Douglas:—

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