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FOR POLITICAL AND ECONOMIC REALISM

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'Liberation' in Norway

Of the small countries of Europe which during the recent armed conflict formed part of Hitler's New Order, Norway contains perhaps proportionately the largest body of opinion enlightened as regards monetary and cognate matters. During his visit to Norway in 1935—during which he delivered an address to the members of the influential organisation *Handelsstanden* in the presence of His Majesty King Haakon of Norway, Major Douglas was, I understand, struck with the high level of awareness of the people with whom he came into contact.

From a member of what before 1940 was known as the Douglas-Group of Oslo I have received the first issues—after a suspension of five years—of the periodical *Samfundsliv* ('Social Life') founded and edited till 1940 by B. Dybwad Brochmann, a pioneering sociologist of great fervour and courage. The Brochmann-adherents, with whom the remaining members of the Douglas-group are apparently in touch, agree with ourselves in attributing our present discontents largely to a perversion of our monetary and political mechanisms. Constituted originally as a party, they learned in 1936, when their representative presented to *Stortinget* (the Norwegian Parliament) a detailed scheme for the Reconstruction of Norway that the party-political way is a *cul-de-sac* and at their first gathering after the war, held recently at Bergen, they decided to observe a purely passive—'contract-out'—attitude with regard to the then oncoming elections, which, as we know, brought 'Labour' a majority. This 'negative' attitude is bound to have been viewed by the Norwegian party-bosses and their backers with the same suspicion as their British counter-parts regarded the refusal of Social Crediters last July to decorate the names of prospective party candidates with those little crosses the tracing of which is held by 'parliamentarians' everywhere to constitute the alpha and omega of a 'democratic' elector's duty.

When this 'negative' attitude is reinforced with a knowledge of how to train the electorate to exercise continuous pressure on Parliamentary representatives irrespective of party—a lesson which has been learnt so magnificently, *e.g.*, by the *Créditistes* of the towns and villages of Quebec—this Norwegian movement and its allies will be in a favourable position to compel the 'machinery of state' to give a satisfactory answer to the question "Why not make ourselves debt-free" which forms the title of an article by G. E. Bonde (*Samfundsliv*, September 14, 1945). The article shows that when on April 9, 1940, the Germans occupied Norway most people expected the German army to commandeer and expropriate the effects and properties of the country. Everybody was surprised when they found the Germans prepared to pay, on the spot, and in Norwegian money, at current prices, for anything of which they had

need. Nor was this only a method of winning over an independent population. From the first till the last day of the Occupation the Germans paid cash-down.

How did they manage this? "If we are honest we must acknowledge," says Mr. Bonde, "that the painless way in which the Germans carried out their transactions was due to their superior insight into the technicalities of the money system. They went to the Bank of Norway and demanded that a certain amount be put at their disposal every month. During the five years of the Occupation an average of 200 million *kroner* was paid by the Bank to the German authorities. The money was paid partly in cash, partly in cheques. The amount of notes in circulation increased to five times the pre-war amount of 500 million *kroner*."

The University-trained political economists of Norway were not slow to predict that this sort of thing would lead to inflation. But it did not, for prices were controlled. And so were wages, and, unfortunately, many other things as well. There was control of profits; of foreign exchange; there was rationing and all the other well-known items of the planned and controlled economy to which we, on the other side of the fighting line, submitted to an even greater extent. (In other words the Norwegian people were only allowed to have their monetary system shorn of its most glaring absurdities—those debt-creation, interest-paying devices to which our British 'Credit-Reformers' pay such exclusive attention—while submitting to a Foreign Occupation and while compelled to carry out an overtly alien policy.)

As a result of the German way of financing their requirements there was never any shortage of purchasing-power, and very little desire to borrow money either from banks or insurance companies. Much more money was deposited with the banks than was borrowed from them. The banks only paid low interest on the money deposited. All this came dangerously near to ruining the doctrine that 'there is only so much money in existence' and the threat to the idea of money as being of value in itself *etc.*, was only too obvious.

"Now if the Bank of Norway is really a National Bank," urges Mr. Bonde, "if it really belongs to the people, it has only to write off by a stroke of the pen the entire occupational debt of 12 milliard *kroner*," which the Germans 'borrowed' from the Bank, and in this way the Norwegian people would only have lost what they, in fact, did lose in the way of 'men, women and things,' and they could have started immediately to make good the wear and tear of their industrial plant (incidentally vastly increased in extent and productivity); to fill up their empty larders, and thus hasten that much more difficult process of healing the psychic wounds inflicted by five long years of darkness and hate.

But this was not to happen. 'Liberation' was accom-

panied by the return of Sound Finance. Ever since 1848, the glorious year of Continental Revolution, there has been a Hambro in the High and Secret Councils of the Scandinavian countries. The *Ngaardsvold* (Socialist) *Hambro* (Financier-politician) coalition dominated the Norwegian scene when the Germans made their spectacular entry in 1940, and on their exit last year there followed post haste from London (the headquarters of the Hambro interests) the same old defenders of the Ricardo-Shylock-Marx Trinity: 'state'-loans have been floated to enable the Norwegian 'State' to repay to the 'State' Bank the money 'borrowed' from it by the hosts of Hitler, who, as we know, was put finally and decisively 'into commission' at the meeting in Cologne in 1933 when the Jewish banker Baron Kurt von Schroeder (who also has kinsmen in the City of London) decided to put the financiers of Westphalian heavy industry behind the efforts of the 'nationalist' gentlemen (at the moment being tried in Nuremberg) towards the Reconstruction of 'their' country.

On the political plane, the Liberation of Norway meant the setting free of those Norwegians who had been tortured and imprisoned by the Germans, and the incarceration of some 20,000 Norwegian 'quislings' who actively or 'passively' (the latter term might at a pinch be made to comprise the entire population who remained in the country) had collaborated with the enemy. As a direct consequence of the financial and political measures adopted by the Judeo-Masonically directed ex-London Government of Norway, the country has been brought, like all the countries 'liberated' during year of grace 1945, whether brutally by the Soviets, or gently by the 'Allies,' a step nearer to the hundred *per cent.* police state adumbrated by the authors of "The Protocols of the Learned Elders of Zion."

B. J.

'Peace-in-Industry Strike' in N.S.W.

(From Our Correspondent)

Canberra, December 14.

New South Wales is paralysed by a coal-mining strike which, because reserves have been exhausted previously, has created the effect of a general strike. It looks as if the strike will 'collapse' by Monday; but the right atmosphere for the postponed 'Peace in Industry' stunt which I have already reported to you has been created, and 'recovery' set back indefinitely but sufficiently. All weekly papers are prohibited.

The *Australian Social Crediter** has a note on the situation as follows:—

"While we do not underestimate the menace of the Communists, because they might get out of hand, we recognise that they would never have got where they are without outside assistance. . . . The Communists, like the Press, are a mechanism employed in the service of a policy which proceeds from farther back, and every political activity which it inspires, which is virtually every activity except Social Credit, or applied Christianity, leads to the subordination of the individual to the institution, and the growth of the institution to global proportions: the Big Idea."

To us here it appears that if no one can answer Dalton's

*Since received: a single-sheet Supplement, dated December 22, hand-set. "Our printers have been able to generate their own power. . . ."

question, 'What is the alternative?,' the Opposition must be moribund, if not stinking.

PARLIAMENT

House of Commons: December 17, 1945.

GOVERNMENT INFORMATION SERVICE (NEW ORGANISATION)

Mr. Maurice Webb asked the Prime Minister whether he has any statement to make on the future of the Government Information Service.

The Prime Minister: Yes, Sir. The Government have had under consideration the information services which should be maintained at home and overseas in peace. They are satisfied that, while these services should be on a substantially reduced scale as compared with wartime, they have an important and permanent part in the machinery of government under modern conditions. It is essential to good administration under a democratic system that the public shall be adequately informed about the many matters in which Government action directly impinges on their daily lives, and it is in particular important that a true and adequate picture of British policy, British institutions and the British way of life should be presented overseas. . . .

Mr. Thurtle: Under the new scheme, who will answer for the B.B.C. in the House of Commons?

The Prime Minister: That point is under consideration. My hon. Friend will remember that in peace time certain technical questions with regard to the B.B.C. were answered by the Postmaster-General. The B.B.C. Charter will come up for review, I think, next year and the question whether there should be any further Ministerial responsibility will be considered. The general rule has been that programmes should not be the subject of Question and answer in this House.

DOMINIONS (RADIO ADVERTISING)

Sir G. Fox asked the Under-Secretary of State for Dominion Affairs in which of the Dominions arrangements exist, or are being made, at the present time to enable a limited amount of advertising on the radio; and under what conditions in each case.

The Under-Secretary of State for Dominion Affairs (Mr. Parker): I understand that advertising on the radio is now permitted in all the Dominions subject to various conditions. These conditions are somewhat lengthy and complicated and with the hon. Member's permission I will communicate them to him in writing.

Mr. Bossom: Will they be published in the OFFICIAL REPORT?

Mr. Parker: They are very long indeed and I am afraid that it will not be possible.

Mr. Bossom: Will the right hon. Gentleman please do that?

Mr. Parker: I am afraid it is impossible.

December 19, 1945.

BANK OF ENGLAND BILL

Lieut-Colonel Nigel Birch (Flint): I always like to hear the hon. Member for South Nottingham (Mr. N. Smith),

(Continued on page 7)

Hitler and the Moneylenders

The following from the French magazine *Cyrano* was published in *The Social Crediter* for July 8, 1939, shortly after its appearance in French:—

"The banking house of Kuhn, Loeb and Co., one of the directors of which is Sidney Warburg of German origin, is the chief supporter in the United States of Mr. Roosevelt and his policy.

"The part played by this financial house in present world events is of the first importance. It is a chapter of the post-war European drama of which people know very little.

"We are going to reveal something almost unbelievable: it is that the banking house of Kuhn, Loeb and Co., put Hitler into power in Germany. This statement requires some explanations:

"In 1928, Kuhn, Loeb and Co., which directly or indirectly had lent Germany 3 milliard dollars (a hundred million francs), experienced a period of some uneasiness.

"The 'democratic' German Government declared itself incapable of paying at the same time the reparations to France and the interest on the sums lent by the group of Kuhn, Loeb and Co.

"This latter fearing to be 'in the soup' over this money organised a vast campaign in Germany and in America against the reparations which the Reich owed to France. It was necessary to annul the reparations, that is, to cease paying to France the sums due to her in order that Messrs. Kuhn, Loeb and Co., might retrieve the sums they had so foolhardily lent to Germany.

"The famous Hoover moratorium of reparations is a manifestation of Kuhn, Loeb and Co.'s activities in America. In Germany their action resulted in the launching on a large scale of the Hitler movement. This is how it happened:

"On June 7, 1929, Mr. Sidney Warburg, one of the proprietors of the firm of Kuhn, Loeb and Co., went on board the *Isle de France* (what irony!) bound for Europe. Some days later he arrived at Havre and at once he set out for Munich.

"There he asked for a conversation with Hitler, whose fame as an agitator had crossed the Atlantic. An agreement was struck between the two. Mr. Sidney Warburg promised to finance the Hitlerite movement on condition that Hitler conducted a violent campaign against the reparations due to France as a consequence of the Peace Treaty and subsequent agreements.

"Hitler signed all that he was asked to.

"As a result of three consecutive voyages Mr. Sidney Warburg paid the total sum of about 30 million dollars, more than a milliard of our francs to-day.

"Hitler kept his word. Germany tore to pieces the financial clauses of the Treaty of Versailles; and Messrs. Kuhn, Loeb and Co., have been paid back almost fully the sums lent to the Reich.

"This is not fiction. You can read the essentials of it in the memoirs of Mr. Sidney Warburg himself.

"But this story, in itself rather curious it must be admitted, has a sequel. To-day the group Kuhn, Loeb and Co., all-powerful with President Roosevelt, has put pressure on the president of the U.S., with a view to action against

Germany.

"To what is this change-about due? Here again it is a question of interest and money fundamentally. The great American bank stands in the centre of the capital-flight operations.

"It is this firm that has absorbed the tens and hundreds of milliards which has fled from Europe, and which has left her troubled and unbalanced. And it is this firm that has seen to the investment of these sums in the U.S. If the situation becomes stabilised or improves, there is a chance of a gigantic reflux of European capital from America to the old world. In which case the whole of American economy is threatened with collapse. That is what the financial advisers of the firm of Kuhn, Loeb and Co., have made clear to Mr. Roosevelt.

"In order that the Roosevelt system, depending upon the extension of credit and continuous spending, may function, European capital must not leave America, and in order that European capital may stay in the U.S., it is necessary . . . that Europe remains in the agony of war."

(NOTE: It has not been possible to trace a *Sidney Warburg*, the name given by *Cyrano*. The Warburg family, whose members were widely spread throughout Germany, Denmark, Sweden, England and America, is remarkable for the variety of occupations which its various members have entered or become concerned with through marriage.

Felix Warburg arrived in New York in the nineties and married Jacob Schiff's only daughter, becoming co-director of Kuhn, Loeb and Co.

Paul Warburg, his brother, arrived some years later and married a daughter of Loeb, becoming Schiff's brother-in-law, and soon afterwards a co-director of Kuhn, Loeb and Co.

Felix's son is Frederick M. Warburg, a partner of the firm since 1930.

Paul's son is James P. Warburg, director of the Bank of Manhattan Company, financial adviser to the World Economic Conference in 1933, and one of the 'brains trust' of Roosevelt's New Deal. He has written *Hell Bent for Election* (on the record of Roosevelt's administration), *The Money Muddle*, and *Still Hell Bent*. His father, Paul Warburg, has written *The Federal Reserve System, its Origin and Growth*.— B. J.)

The Paper Shortage

The Minister of Information (Mr. E. J. Williams), in the House of Commons, told Major Lloyd that twenty-six periodicals, newspapers, news bulletins and magazines still appear under foreign auspices and with British official co-operation. The weekly paper consumption is approximately 12 tons. Contributions from public funds are at present at the rate of rather more than £6,000 a year, and will very shortly be reduced to about £4,000. In addition, there are a number of such periodicals which were officially assisted during the war and still continue to publish without official help.

"Now it seems to me well-nigh impossible to sustain, for the briefest of moments, any spirit of buoyancy and optimism at the threshold of 1946. The new year in its earliest dawn is already heavy with gloom."

— The Reverend D. R. Davies in *The Nineteenth Century*.

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Saturday, January 12, 1946.

From Week to Week

In 1786, three years before the French Revolution, the Grand Orient merged with the Grand Chapter of the Knights Templars. The spirit of the Grand Chapter was revolutionary, "but the Revolution was to be accomplished above all for the benefit of the upper class (*la haute bourgeoisie*) with the people as its instrument."

—*Martines de Pasqually*: Papyrus, p. 144.

Well, that seems to explain Sir Ernest Cassel and his gift of £472,000 to the London School of Economics. "*La haute bourgeoisie*" would be better translated by "big business."

Redhead Yorke was imprisoned in Dorchester Castle from 1795 to 1799 for being "a man who had been concerned in three revolutions already ... and who will continue to cause revolutions all over the world." When he was released, he hastened to France to continue his revolutionary activities. He was evidently an honest man, and he wrote a book, *France in 1802*, in which he admitted to complete disillusionment. As an instance of the difference between the vicious romanticism of Carlyle and the facts as seen, not by an unbiased, but a very reluctantly converted, witness, the following passage (p. 28) is instructive.

"The Revolution, which was brought about ostensibly for the benefit of the lower classes of society, has sunk them to a degree of degradation and misfortune to which they were never reduced under the ancient monarchy. They have been disinherited, stripped, and deprived of every resource for existence, except defeats of arms and the fleeting spoil of vanquished nations."

Mr. Pink-Geranium, O.B.E. has demonstrated that practical difficulties are simply jam to him. Rolling up his sleeves, he has arrived at the conclusion that exactly one pound of green bananas will be allocated to each of the Group members of the under eighteens he has decided shall have them, whether they want them or not. The green bananas have apparently not been consulted, and unfortunately do not weigh exactly one pound or simple fractions thereof. What to do? Elementary, my dear Watson. Sell them with varying lengths of stalk.

We make no apology for recurring to the dangerous disservice to genuine reform which is offered by many "monetary reformers" who mix up certain ill-understood "moral principles" with attempts at practical design. Amongst the objects of their attack, an easy first is "usury," which they would define, if they troubled to define it, as the

taking or giving of interest upon a money loan.

It should be understood without much difficulty that, in a predominantly gold coinage system, if Moses Finkelstein lends one hundred gold sovereign to John Brown and demands back one hundred and twenty-five at the end of a year, and continues that process, it is only a question of time before Moses owns all the gold. But if John Brown makes a deposit in his bank, and the bank allows him three per cent. interest (no, Clarence, this is not a fairy story) there is no available evidence to show that John Brown will come into possession of the bank. What has happened is that John has shared, to a minute extent, in the profits of the bank, in return for providing a smoke screen for the legend that banks only relend money deposited with them. Now that this legend is exploded, John has been informed that he is no longer wanted, and his share ceases. In fact, he is charged for keeping his account. That is what the usury hunters have achieved.

But, you may say, the banks "have no right" to create money to bribe John with a decimal fraction of it. The only part of this sentence which makes sense is the latter. John and others like him, ought to have a larger "interest" on their deposit (really, a dividend on the money created). The greatest nonsense, of much, which has been written about the banking system is that which attacks their dividends and interest paid on deposits. These items are the only fresh money, corresponding to the normally increased real wealth, which comes into the hands of John Citizen. The rest disappears into invisible reserves, such as those colossal figures which Mr. Dalton will not disclose, which, by the acquisition of the Bank "of England," have now been made a free gift to Mr. Barney Baruch, *et al.*

The Canadian deputation to UNO in London on January 10 is stated by *The Times* to be representative of all parties in the House of Commons. Yes, Clarence, you are right. No Social Credit Members have been asked to come, but the C.C.F. are represented, and with them comes Mr. Louis Razminsky, a second generation Canadian Polish-Jew who was trained at the London School of Economics, and is stated to formulate the policy of the Canadian Government.

The Four Reformers

Four reformers met under a bramble bush. They were all agreed the world must be changed. "We must abolish property," said one.

"We must abolish marriage," said the second.

"We must abolish God," said the third.

"I wish we could abolish work," said the fourth.

"Do not let us get beyond practical politics," said the first. "The first thing is to reduce men to a common level."

"The first thing," said the second, "is to give freedom to the sexes."

"The first thing," said the third, "is to find out how to do it."

"The first step," said the first, "is to abolish the Bible."

"The first thing," said the second, "is to abolish the laws."

"The first thing," said the third, "is to abolish mankind."

R. L. STEVENSON.

Reflections on Soviet Russia*

By BRYAN W. MONAHAN

Anyone who has read two or three books on Soviet Russia, written from different points of view, can hardly have failed to notice the extraordinary discrepancy in accounts. Very little experience along these lines inclines one to the view that it is impossible to be sure of the truth, or even of part of it. The output of books on Russia is colossal, and many of them are written by people who have visited or even lived in the country—many, indeed, are by exiled Russians, or by disillusioned pro-Russians, such as Eugene Lyons (*Assignment in Utopia*). The adverse reports of the latter, however, are offset by the glowing accounts of people as eminent as Joseph Davies (*Mission to Moscow*) and the Dean of Canterbury (*The Socialist Sixth of the World*).

If one views the two classes of books generally, one finds that one set emphasises the Soviet achievement, and the other its cost in the loss of human life and liberty. The former view belongs to the general view that the end justifies the means, and naturally has received added weight from the German-Russian war. This is important. A great deal of what has happened in Russia since 1917 can be explained by reference to the necessity, so long proclaimed by the Soviet leaders, of preparing for eventual attack. Sacrifices there had to be, since modern wars are chiefly wars of industrial output, so that it appeared, or could be made to appear, that if Russia was to survive, everything had to be subordinated to an unprecedentedly rapid industrialisation of the country. Against that, the critics urge that the same result could have been achieved at a lower cost.

Yet even the achievements, seen from this point of view, are hard to assess. Official policy keeps essential facts and figures secret. How much of the Russian success was due to Allied supplies again is indeterminate. That such supplies were crucial, however, is clear; the unconcealed risks taken, and the terrible losses incurred, in providing those supplies are evidence of the urgency. And at the same time it must be remembered that Russia's population, excluding populations deported from Russian-occupied countries, was two and a half times the size of Germany's; that by far the greater part of the physical damage wrought on Germany was wrought by Russia's Allies; and that Russia had consciously prepared for war (even against a combination of the 'Capitalist' powers) for twenty years. The Russian achievement by itself was clearly insufficient to beat Germany.

Official secrecy is one source of difficulty in assessing Soviet Russia; another, and far more important, is 'ideology.'

There are ways round official secrecy. Sudden silences, indeed, have a meaning. For some years a series of official statistics is issued, and suddenly ceases. There are gaps in the reports of enthusiasts. Thus the Webbs in their large and detailed *Soviet Communism* pass over financial matters in a few lines and a footnote: money is not important. But the few lines reveal that appointments to high financial positions are subject to peculiar caution, the Commissar for finance appointing his successor. The footnote provides references to other works on Soviet finance—Leonard Hubbard's, for example. Hubbard adduces quite sufficient material to reveal that finance is conducted on perfectly

orthodox lines within the greater limits exploited by Germany under Schacht, and Australia under war Governments, which other forms of economic control provide. There is inflation; but it is conscious and deliberate inflation; there is payment of interest—because, no doubt, principal will never be repaid, so that the Government gets £96 or £97 for £3 or £4 per annum. Though the interest bill mounts and so do prices, the loans come in year after year.

The system is orthodox enough for standard methods of economic analysis to yield some of the missing data from the statistics revealed. Practising on the nebulous concept of our 'national income,' specialist economists have become remarkably skilful in producing conclusions which, whatever they are, and however little they may mean in themselves, serve at least for the comparison of one economy with another. In such work they write much less for the public than as specialists one to another, and are freer thereby from ideological necessities. There are plenty of them, of course, with a bias towards Soviet economy, for a planned economy is the economist's paradise.

From the objective point of view, Russia's problem is industrialisation. To the economist, this is a problem of providing funds for investment. In a free economy, investment funds come from private sources, and are largely unpredictable; in an intermediate economy, such as is advocated for the post-war world, funds are derived from both public and private sources. In Russia, however, all funds are public, and all investment is in the 'public' interest, as determined and guided by the economists. So—the more the merrier. If the policy is industrialisation, then the 'public' interest demands the recovery of all possible funds for investment. The stabilisation of 'real' wages is a criterion of success in this. The effectiveness of economic controls is proved, so to speak, by the fact that the 'real' wages of the Stakhanovites—the cream of the workers—remain at about the 1913 level of wages. Thus Russian experience and practice offer invaluable data for 'post-war planning.'

So that the pro-Russian, who points proudly to the statistics of the production of pig-iron, and the 'scientific' economist, who deduces the real wage rates from meagre statistics, approach the same conclusion. Goering dispensed with the ballyhoo, and called the process "guns instead of butter."

Quite a brief examination of Stalin's and of other leaders' speeches reveal that these contain a high proportion of emotive words. This is common to most politicians' speeches, not in Russia alone. But for Communism this has a deeper significance. From the tactical point of view, ideology is a basic weapon. Giving a dog a bad name has been reduced, deliberately, to a science; and the formulation of slogans, couched in emotional language, is almost an industry. It is a simple and brilliant technique. The public is taught to dislike a label—in Pavlov's terminology, it is conditioned—; after that there is no need to explain the merits or demerits of a case; it suffices to attach the appropriate label, and the desired emotional response is forthcoming.

In his brilliant book, *Brave New World*, of which so much seemed to be a caricature of trends that have come to prevail since it was written, Aldous Huxley perhaps made conditioning appear unduly difficult. As Jung has shown,

*From the *Australian Social Crediter* of December 8, 1945.)

the unconscious is really extraordinarily permeable; that it is so is overlooked precisely because it is unconscious. All day long subliminal impressions are absorbed; and indefinitely later are reproduced as cryptamnestic phenomena. In this way, consciously prepared slogans insinuated into discourse are later reproduced, all unwittingly, as original contributions to a discussion. Such slogans have, in a sense, biological properties of growth, like the metastases of a cancer, for a carefully conceived slogan, phrase, or label, grows in the mind of the host, by building new incoming facts and perceptions into an ideological system whose character is determined by the original nucleus of ideological material, buried, all too often, in the Unconscious.

No propagandist could overlook the fact that nowadays the public is propaganda-conscious; yet propaganda is undoubtedly more effective than ever. It is the propaganda that aims at the Unconscious that counts. Discussion-groups are a case in point. Here, on prepared material, a discussion is started, and allowed to follow almost any course; the opponents of the ideas you wish to insinuate may be allowed, or even encouraged, to win; your ideological victory lies in having got certain ideas discussed, certain premises implicit in the discussion carried into the unconscious part of the mind.

Using psychological terms, we can usefully distinguish between the 'manifest' and the 'latent' content of propaganda. It is in connection with the latter that the propagandist's art lies. It is the latent content which, unperceived, influences opinion. There are few people, for example, who do not hold—tenaciously—opinions on Soviet Russia. Yet only a tiny few have been to Russia, or could possibly go, unfortunately. Only a small proportion of the population ever makes any serious endeavour to study what material is available on Russia. Yet, in any discussion, nearly everyone will take sides, and most, indeed, will become emotional about the differences of opinion. That is an indication of unconscious motivation.

Thus even an apparently violently anti-Communist Press serves the ends of the Communists. To some extent it provokes emotional reactions, and these in turn rouse opposition. Label the paper 'reactionary,' or, as does J. B. S. Haldane, who ought to know better, and probably does, 'Fascist,' and this opposition is assisted. "To every action there is an equal and opposite reaction" is a physical law with its equivalent on the psychological plane.

Stalin's emotive words and those of other Soviet and Communist leaders, therefore, require closer attention than those in ordinary political use. They are designed to have international currency. They are important links in the party 'line'—code messages to followers all over the world.

There is a fairly extensive, though not very well-known, literature which takes the revolutionary origins of modern communism back some centuries. But from the time of Marx and Engels there are three well-marked stages. The first, the Marxian description of the evolutionary course of civilisation, regarded the eventual achievement of a classless society as mechanistically inevitable; but the process was to be helped along by the aggravation of class-consciousness. The next stage is that dominated by Lenin, who introduced, and made effective, the concept of a totalitarian 'party'—a small, highly organised, highly centralised group strictly disciplined under a leader. It is, in fact, a purely military concept, and it proved successful in the conquest of Russia,

though other factors (such as the release at unknown instigation of Trotsky from prison; the passage into Russia by Germany of Lenin and his associates; and generous finance, largely out of New York) were essential to the outcome.

Lenin thus infused some vitality into the theoretical mechanistic system of Marx. If human societies were in fact mechanisms, their evolution might indeed be predictable on Marxian lines; even so, purely mechanistic theories of anything but consciously constructed machines are actually proving inadequate; even physics has been transformed from a purely mechanistic system.

Lenin's essential ideas were carried forward into the third stage under Stalin. The cohesion of Soviet Russia, as a collectivity, is the result of the conscious and purposeful efforts of the inner section of the Communist Party, which formulates and promulgates the party 'line.' Stalin himself, even before the war, regarded the inner core of the Party as a General Staff. But the important feature which distinguishes the third stage is the possession of an army, *and the organisation of the community to supply it.* The international party 'line,' therefore, has become incorporated in a foreign policy, backed by the necessary sanctions.

The party 'line,' however, is just as much a reality as ever. Communist groups, both inside and outside Russia, are organised under their Secretaries, who in most respects are the equivalent of the German Gauleiters, and not at all equivalent to the ordinary concept of a secretary. At first sight it might appear that Hitler had taken his ideas for the organisation of Germany from Lenin; in fact it is more probable that a common root for the ideas of both is to be found in the Great German General Staff which, like the Communist Party, and independently of Hitlerism as such, had subsidiary organisations all over the world, though much less obviously.* The objective of the German General Staff, like that of the Russian Politbureau, was the promotion of centralisation of authority and power in every country—industrial centralisation through the promotion first of national monopolies,† and secondly of international cartels;‡ political centralisation through State control, *via* Socialisation; and economic through social 'security' schemes, the intention of which is to extend beyond the normal working span the principle of wage-slavery—that is to say, 'security' is provided on conditions, and is revocable by authority; it therefore diminishes independence. That this is so can be seen by the provision, in both the Beveridge scheme and the British Government modification of it, that the right to a pension is forfeited if the individual by his initiative earns more than £1 per week; and by many other provisions, none of which is found in private insurance. Thus 'British' socialism is, to paraphrase Bernard Shaw, "only Communism going slow."

This convergence of German socialism and Russian Communism is a most important phenomenon. Its significance can be grasped from a careful study of F. A. Hayek's

* and †. See, for example, evidence presented to the sub-committee of the (U.S.) Senate Military Affairs Committee by Orvis Schmidt, director of Foreign Funds Control of the U.S. Treasury (reported in *The Canberra Times* of September 5, 1945).

‡ "This concentration and centralisation of national economy will not and cannot be undone. To propose and discuss breaking up this development is an occupation only for chatterboxes"—Earl Browder: *Teheran—Our Path in Peace and War*. (Note the use of one of Stalin's epithets to characterise the presumed opposition.)

The Road to Serfdom, in which the author makes it clear not only that the effect of the socialistic doctrines at present being preached in Great Britain and the British Empire have the effect of subordinating the individual to the State, but that those doctrines were "made in Germany," and were the essential foundation of the later totalitarian system.

The chief fount of these doctrines in England is the London School of Political and Economic Science, of which Sir Ernest Cassel (of German origin) said that his intention in endowing it was to make it the training ground for the bureaucracy which would run the future Socialist State.** The School includes many teachers of German origin, busily engaged in endeavouring to promote the German social system in England; and teachers who are either, like Professor Laski, frank Communists working for revolution, or crypto-Communists. The graduates of the School become economic advisers to banks and Governments. The *effective* policy which they believe in and promote is more and more centralisation of economic and political power, which suited both Germany and Russia.

If Germany had beaten Russia, she would not have abolished the apparatus of State control built up by Lenin and Stalin, simply because it is an efficient organ of central control of the population. Russia, having beaten Germany, is quite naturally retaining the Nazi *apparatus*, but is changing the personnel staffing it. This fulfils Stalin's warning to the effect that Hitlers come and Hitlers go, but the German people and the German State remain, as a matter of Soviet policy.

This makes clear the significance of the third-stage Communism of Stalin. As in Germany, so in other territories passed over by the Red Army. They all contained Communist parties; but the extra-Russian organisation of these parties is, as Trotsky realised, no longer revolutionary as such. It is, in each country, firstly a fifth-column, and secondly the skeleton organisation for the central control of the community. Because Communism now has a national locus, it has become a foreign policy backed by force.

(To be continued)

PARLIAMENT

(Continued from page 2)

although I cannot always agree with some of the things he says. I must confess that the Douglas credit scheme wearies me. I wish the hon. Member would take up the wholemeal bread question... the Government have to prove that an institution has worked badly, and that what they are proposing to put in its place will work more effectively and better. Such proof has been conspicuously lacking...

Lieut.-Colonel Hamilton (Sudbury): ... For my part I found that the question of nationalising the banking system was one of the best weapons in my armoury when I was talking to farm workers—the farm workers who put me in. I do not mean that I tried to explain all the detailed workings of our financial system but it was easy to explain the broad principles, the fact that money is actually created by the banking system, that the banking system directs the channel along which money is made to flow, and that very naturally, whoever owns the banking system, will direct it into channels and will create money to the same degree that is likely to make the best possible profits for himself.

***Quarterly Review*, January, 1929.

Mr. Brendan Bracken (Bournemouth): Did the hon. Member tell his constituents who actually owned the Bank?

Lieut.-Colonel Hamilton: At the present moment the Bank of England, until this Bill is finally passed, is owned by its shareholders, and it is the same with the joint stock banks. Am I not right?

Mr. Bracken: There are over 200,000 shareholders in the four joint stock banks. Do they to-day control the banking system of the country? ...

Mr. W. J. Brown (Rugby) *rose*—

Hon. Members: Divide.

Mr. Brown: ... Now let me make it plain that I am not an advocate of unrestrained nationalisation. I think that it would be a misfortune if we ever reach a stage where the majority of the people of this country are employed by the State. I think that there must always be sufficient industry and enterprise outside the range of the State to prevent the State becoming the sole regulator of the life of the people, from the cradle to the grave. But whether it is a Socialist Government or whether it is a Conservative Government, which is in question, I cannot conceive how a Government can govern without the powers contained in this Bill. That is a matter which ought to interest the *entrepreneurs* of industry and the captains of industry, just as much as it does the workmen of industry, because the former have been the victims of our old banking system, as much as the latter...

I say that there are two great realities. They are the control of credit, with its effects on employment and unemployment, and the control of the flow of money affecting the balance or disbalance of the whole social economy. From these two realities it is apparent that the Government cannot govern in Britain unless it has the powers that this Bill gives it...

Captain Blackburn (Birmingham, King's Norton): ... I am convinced the only real criticism of this Measure should have come from the Left in this House and not from the Right. There is no power, whatever, under this Bill for the Chancellor of the Exchequer or this House to deal with the granting or withholding of credits in relation to big business such as Austin's and Cadbury's in my part of the country, or Imperial Chemical Industries, or Lever Brothers...

House of Lords: December 17, 1945.

ANGLO-AMERICAN FINANCIAL ARRANGEMENTS

Viscount Samuel: ... We all know that the best hope of promoting employment in the highly industrialised countries of the world is to promote the prosperity and welfare of the backward half of mankind, the peoples of countries such as India, China, and the other countries of the world. How can that be done unless by some conscious, deliberate, international effort, those of them who are credit worthy being provided with credits; And how can that be done except through the Monetary Fund and the International Bank?...

Lord Strabolgi: ... We have had a most extraordinary speech, if I may say so, from Lord Woolton. I am sorry

the noble Lord is not in his place, but I believe when he comes to read that speech he will himself regret it. If I had made that speech, it would have been described as mischievous.

Lord Altrincham: It would have been, if you had made it.

Lord Strabolgi: The noble Lord says it would have been if I had made it. "O, Jew, I thank you for that word." . . .

Lord Altrincham[*]: . . . I think it is perfectly true that the settlement of Lend-Lease to quote the language of the Agreement, "the complete and final settlement" of Lend-Lease, is, I would not say the most satisfactory, but the least unsatisfactory feature of these Agreements. It is perfectly true that we received a great deal from the United States, but we gave even more, and that is why I cannot regard even that part of the subject as an adequate and generous arrangement between two great nations who have been Allies in a great war. I have the text of the Lend-Lease Act here. It was not an Act which was passed for our benefit. Its very title recites:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled that this Act may be cited as an Act to promote the defence of the United States." . . .

There is danger, I think, of deep misunderstanding, because the way in which we interpret these things is not reaching the public ear in America. I, too, study the American Press and I am bound to say that our point of view and the kind of interpretation which we are determined to put on the obligations we are undertaking, is not at all well understood over there. . . .

When a Prime Minister goes abroad, it does not matter to us to what Party he belongs; he represents the nation, and we want him to state the national case. Did he do so? So far as I know, he never referred to this, the greatest issue between the American and British peoples at the present moment. He confined himself to explaining and defining not the national, but the Party case. . . .

Never has an Executive used its power with such disregard for public opinion and such undemocratic contempt for Parliament. I say that advisedly, and I challenge noble Lords opposite to contest the truth of what I have said. Compare the regard which is being shown for Congress. . . .

What, then, are your Lordships to do? The noble Lord opposite seems anxious for information on that point. I shall answer him direct. He may not like the answer, but it is what he is going to get. Your Lordships' responsibility is great. The virtue of a Second Chamber resides not in any power to thwart the peoples' will, but in having the power, if need be to bring about delay for reconsideration and to give time for deliberate thought. That, I believe, is the right and main function of the Second Chamber. Can your Lordships exercise that virtue in this case? In present conditions, I submit, with great humility, your Lordships can not. I believe if your Lordships attempted to do so they would make the situation, bad as it is at the present moment, much worse. I believe the Government would divide the nation still further at a moment when national unity is of

the utmost importance.

I pause to observe that this is indeed a strange situation. Half the nation—a little more than half, I believe—is gravely under-represented in the lower House and that House itself is divided on this issue and not divided on Party lines. In one important matter the Executive at this moment is breaking faith with Parliament. If ever there was an occasion when the rôle of a Second Chamber was important, it is this. But owing to historical causes on which I do not propose to dilate, this Second Chamber is not able to play its proper constitutional part at this time—this very critical time in the history of the nation and the Empire. I fear that is the fact. Clearly, sheer conservatism is not always the best way of conserving the stately fabric of constitutional principle upon which our democratic system rests. In my opinion, attention will have to be given to that aspect of our Parliamentary situation before too long is past. But we must face facts. A challenge to the majority in another place by this House at the present moment would greatly stimulate Party feeling, no doubt to the noble Lord's delight. It would plunge the nation into greater disunity, when common effort towards recovery is the most essential thing. . . .

I therefore cannot vote for this Agreement but I will abstain from voting, because that seems to me, in present conditions, the wisest course from the point of view of national interests. I am convinced that both His Majesty's Government and the Government of the United States will, before long, find reconsideration of these Agreements imperative as the situation develops. Fortunately, as the noble Lord, Lord Balfour of Burleigh, and others have pointed out, there is full provision for that in Clause 12 of the Financial Agreement which Lord Balfour of Burleigh read out.

While we should never sabotage these Agreements, while we should do our utmost to carry out our undertakings, whether we like them or not, we must make it plain that our power to carry them out depends on the United States and not on ourselves. That is the point that has to be hammered in all the time. I do not believe, as a matter of fact, that the United States will learn that lesson in time. There is no sign of that change in public opinion, in the Press, in Congress, or in the whole framework of that great economic system at the present moment. I trust—and this is my last word—that when the time comes under Clause 12 to seek a reconsideration of what may not be working in these Agreements, a full national delegation and, indeed, better still, an Empire delegation, will be entrusted with that important national and Imperial task.

Lord Croft: . . . I resent the lecture to my noble friend Lord Beaverbrook, when it was suggested by the dismal Micawber who supported the loan from the Benches opposite, Lord Balfour of Burleigh, that it was dishonest to speak of Imperial preference as a worthy ideal. Of course it is a worthy ideal. Why should we not talk about it as a worthy ideal? I think you will find that Soviet Russia has also free trade within her own boundaries. That to secure this onerous loan we should surrender the right to do as the original Colonies of America did—namely, to prefer the products of our own people within an economic Union, is an interference with sovereign rights and internal fiscal affairs hitherto unheard of in any country or group of countries in the world. . . .

*Lord Altrincham's speech on the Jewish Question (House of Commons, December 7, 1945) will be published in an early issue of *The Social Crediter*.