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FOR POLITICAL AND ECONOMIC REALISM

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From Week to Week

The done thing, nowadays, Clarence, is to see how little you can get out of a day's work. You take an industry, nationalise it, think of a number, double it, make that the basic wage, put in a "working party" to see that no one does any work, say it's in need of re-organisation, nationalise it, fill it with refugees from Hitler's tyranny, and then announce that the Government Policy is Austerity. If anyone accidentally does make something, our dear old friend, The Necessity for Increased Exports, will enable you to keep the populace where it belongs until the outbreak of the next war.

... Calvinism remains the real nursing-father of the civil industrial capitalism of the middle classes. . . . In breaking down the motive of ease and enjoyment, asceticism lays the foundation of the tyranny of work over men . . . production for production's sake is declared to be a commandment of religion."

Troeltsch. *Protestantism and Progress*. pp. 135-138.

It is becoming increasingly clear that it is downright dangerous to use any word current in politics or economics without defining what you mean by it. The general population (and we include many very well informed people) are so saturated with the ideas disseminated by the French Revolution and its organisers that such a phrase as "sovereignty resides in the people" carries with it an implication which is almost, if not quite, opposite to anything which will bear examination. As we observed in these pages some weeks ago, economic sovereignty in the nineteenth century was contained in the gold sovereign, and was exercised by the holder. We shall return to this question, since the idea that "the People," or a majority of them, are the inheritors of the Divine Right of Kings, is not merely untrue; it is in the fullest sense, blasphemous, and, like all genuine blasphemy, brings a terrible retribution. When Professor Laski says that "the supremacy of the House of Commons is the pivotal principal of the British Constitution" he is not merely talking nonsense, since pivots aren't made of principals, but he is playing on the ignorance of his audience. The power of the House of Commons, *de jure* is similar to that of the House of Lords and the Crown. *De facto*, the House of Commons was supreme because of its power to withhold supplies.

As Professor Laski knows quite well, the House of Commons is just about as powerless nowadays as a golden sovereign which had dropped down Mount Vesuvius. What Laski will learn in due course is that, appearances notwithstanding, the British Constitution does not turn on Professor Laski, either.

The kind of honour, or even honesty, to which we can

look forward under the rule of a Party of which Professor Laski is the Chairman is well illustrated by his remarks on compensation for the nationalisation of the coal mines. (We quote the *Scotsman* of January 7, 1946): "Professor Laski said he had never been worried about compensation so long as there was a Labour Chancellor of the Exchequer who could fix the levels of taxation, especially Death Duties, Estate Duties and Legacy Duties. Compensation was a book-keeping transaction."

Or, as the Talmud puts it, "It is always praiseworthy to despoil a Goy of his property."

Captain Stuart, the Conservative Member for Moray and Nairn appears to be one of those people of a type well known to Social Crediters, who are convinced that anything they do not understand is "a wild cat scheme." Can anything be more fatuous than to attack the Government on such grounds? The Socialist policy is the product of the best brains that can be bought by money. It will be found that as this year's programme develops, it will require the best brains which can *not* be bought by money even to slow the tide of its progress, and it certainly will not be done by suggesting, as did Captain Stuart, that the taxpayers ran a risk because "they had not been told what they were paying for when 'they' bought the Bank of England." If that is the best the ex-Chief Whip can do, we don't wonder at the wholesale demoralisation of his Party.

"Although Soviet-inspired propaganda in such fellow-travelling papers as the London *Times* is always at pains to stress how suspicious Russia is bound to be. . . ." etc.

—Randolph Churchill in *To-day in Europe*, November, 30, 1945.

Waal, waal, waal. What's cookin, Clarence?

We are indebted to a review in *The Tablet* for the information that the grandmother of Mrs. Sidney Webb was a Jewess. That explains a lot. And we are indebted to Mr. Randolph Churchill in *To-day in Europe* for the information that conscription was the child of the French Revolution. That explains a lot more.

Mr. Herbert Morrison, broadcasting in Canada on January 10 informed the Canadians that private enterprise in "Britain" would be "allowed. . . providing." The two operative words are "allowed" and "providing." Just like the Post-Office.

Anyone familiar with the consequences of Macaulay's Indian University schemes could predict with certainty the impact of an Oriental philosophy, which Socialism is, on an Occidental economy. All the verbiage regarding efficiency is a cloak for the elevation into "supervisory" positions of a

type which otherwise would have to work. If Mr. Morrison had entered say, Messrs. Cammel Lairds, or the English Electric Company, and can be imagined to have the qualities necessary to raise him in their service, he would have had to know something quite useful about actually making things before he began to give orders to Works Managers. But the *babu* class to which Socialists belong essentially cuts that out. His is the Oriental technique of raising himself to membership of a ruling caste by creating bottle necks and uncorking them for a consideration. The very last thing the Socialists, and we include Mr. Morrison and Sir Stafford Cripps, want to do, is to manage business. Lord Beaverbrook was merely expressing the obvious when he said we were faced by a coalition of the bankers and the socialists. Both of them intend to manage the managers, and to let the managers take the risks. As for the consumer—we should worry.

The complete impotence of the Quebec Social Credit Movement, for election purposes, as again demonstrated in the Beauce by-election, is a profoundly informative phenomenon. The Social Credit (Union des Electeurs) candidate, Professor Grégoire, Vice-President of the Social Credit League of Canada, was the perfect candidate. For ordinary purposes the organisation of Monsieur Louis Even, *Vers Demain*, and his brilliant assistant Mademoiselle Gilberte Côté appears to be competent, and has demonstrated its competence to achieve almost any end, *except that of electing a Member of Parliament*. To anyone who is not determined to ignore the obvious, it has been finally demonstrated that Parliament is the place at which an attack is expected, and elections are the most heavily defended position in the enemy's territory, and the place at which he *desires* to be attacked.

The Retreat of the Left

The impulse behind all phenomena is mental. And if one finds that statement meaningless, it can only indicate, it seems to me, that one has not yet begun intellectually (consciously) to distinguish real phenomena from counterfeit; which is not to say that an individual may not have done so instinctively—subconsciously, sub-intellectually—all his life, and with outstandingly successful results.

To carry that a bit further, it is counterfeit thought—occultism, perhaps?—which produces counterfeit phenomena, or that proportion of all day-to-day events and encounters which are palpably illusionary and misleading. A counterfeit ideology is a blind alley; one joins the crowd following it either to suffocate in the eventual stampede and panic, or else—if you are one of the lucky ones—to retrace weary and humiliating steps. Of these last, apparently, is Arthur Koestler, whose latest book, *The Yogi and the Commissar*, was noticed as to its statistical aspect in these pages some weeks ago. In the essay *Explorations*, which constitutes its third section, he gives a picture, which I have reason to believe is not misleading, of what might be termed the Left upon its knees, and in really contrite mood. The only doubts I have arise from the almost excessive thoroughness of his reaction to his former views.

It is with this side of Mr. Koestler's book that I want to deal. For he has much to say that reinforces my one growing conviction that the malign influence the modern world has labelled Dialectical Materialism—Karl Marx's

Historic Determinism—has passed its zenith and is in decline. If that is so—and the evidence that it is so, is accumulating—then our problem changes from one of contending with it, to trying to anticipate what form the social reaction is likely to take. Will the huge organisations into which men have gathered under the direct influence, as I believe, of this materialistic theory of Life, prove sufficiently flexible to adapt themselves to the change of mental current? It does not seem likely. Some time ago, referring to this point, I used the analogy of the turning tide, and pictured the outmoded ideologies, like stranded leviathans, thrashing the sand in their efforts to get out to sea. It may be that the movement has gone far further than we imagine, for, it must not be forgotten, many of the high-priests of the cult, the Scientists, had begun to lose faith in it themselves as long ago as the beginning of this century, and being honest men, to recant. In appearance, this had little or no affect on the stream that carried society up to, and through the first World War. But now, under the impact of World War II, and the inevitable trend of events in Russia, the more sincere of the Left-thinking publicists and intellectuals are following the lead of the physicists and bio-chemists. The literature of frank disillusionment with the Russian Experiment has of late been constant, and is increasing. Hayek's *Road to Serfdom*, even if the signpost read *To Berlin*, amounts to a significant episode in itself. And now comes this cold douche of Mr. Koestler's to Moscow.

In his analysis, the author shows up brilliantly the decline from pure Marxian theory to pure opportunist practice under Stalin's leadership. As followed by Mr. Koestler, it is a "strip-tease" act on a monumental scale: the dropping of one item after another of doctrinal sheep's clothing, finally to leave the Big Bad Wolf of Czarist Imperialism almost naked and unshamed upon the world stage. To the erstwhile devotee this is, of course, tragic. But to my mind there is nothing intrinsically tragic or false in a return to human nature. The tragedy had all gone before, and is to be seen in the incorrigible incredulity of those—the Intelligentsia, the "back-room boys" really—who listen to false prophets, and the subsequent and inevitable sacrifice of the native, both aristocrat and peasant. Mr. Koestler himself has been "one of the boys," and he directs a ruthless light on the terrible consequences that arise from such irresponsible thinking as is typified by that happy International gathering addressed by Professor Arnold Toynbee in Copenhagen in the early thirties, when the very idea of sovereignty, material or spiritual, was derided by those who were bent on settling the live problems of society dialectically, and to their own imposed intellectual pattern.

Mr. Koestler sees clearly the increasingly unhappy fate that awaits "the incurable addicts" of the Russian Myth as time goes on. "Russian foreign policy," he writes, "being unconnected with Socialist [*sic*] principles its partisans will imperceptibly change from militants of the Third International into members of the Third Column, from defenders of the revolutionary fatherland, into agents of a foreign power pure and simple." Simple indeed! "They will continue to live and die according to their strange laws and twisted logic, and suffer willingly. . . in the name of Socialism, for the Orthodox Church, for Pan-Slavism, red millionaires, and the glorified tradition of Ivan the Terrible and Peter the Great." Mr. Koestler is bitter, but it would be hardly natural if the disillusioned Left, whose original credulity arose from their jaundiced and jealous view of the quite substantial achievements of the "Capitalist" regime,

succeeded in throwing it entirely off in their mood of contrition. Let Russia beware, for the less dispassionate of them will never forgive her, and she may be found before very long looking to the Right all over the world to help her against them.

Mr. Koestler's recantation, like that of Professor Hayek's, is intellectually thorough. Writing of Leftist Internationalism in the inter-war years, he says, "Seen from the melancholy angle of the Continental (or rather of that bunch of homeless Leftists to whom I belong, whom the Stalinites call Trotskyites, and the Trotskyites call Imperialists, and the Imperialists call bloody reds), the bankruptcy of Left horizontalism is becoming increasingly apparent." That should surely be sufficient; and yet he leaves one with a doubt as to whether this humiliation has been deep enough yet to produce real insight. What is this *Socialism* that is not Left, that one meets again and again all through the book? That has repudiated the Left, and yet remains as a residue after the whole Communist stew has been boiled away, and Lenin and Stalin and the go-getters of the Party, and even Marx, have been desiccated off the scene? Mr. Koestler calls it "horizontalism"—a new one to me to describe the international racket—"For the last fifty years," he writes, "it has been becoming increasingly clear that only a vigorous international *i.e.*, 'horizontal' organisation, could end the global muddle by global solutions." That, by the way, is a point that never was clear to Social Crediters. "The failure of 'horizontalism' in our time is more than a momentary set-back; it reveals the inadequacy of a method of approach which dominated the Liberal and Socialist movements for the last century." (p. 109.) "If ever there was a chance for Socialism in Britain, it was in the period from Dunkirk to the fall of Tobruk." (p. 108.) "However, the working-class lacked the political maturity to grasp the opportunity."

All that is very informative, both consciously and unconsciously also. And, incidentally, is it not time that continental sociologists got over the illusion that the Anglo-Saxon,—“working” or otherwise,—is politically immature in comparison with the European proletariat? On the point of gullability he is, thank God, not yet their equal, though the cinema and the radio do their best to make him so. But we still are at a loss for a definition of this Socialism. It is not Russian Imperialism; Mr. Koestler's book makes that clear, though he allows that at one time he thought it could be realised *through* Russia; just as Mr. Koestler, or his then equivalent, imagined in 1914 that it could be realised *through* Germany. Nor has it any affinity with British Imperialism, as it appeared to Disraeli, for on page 224 one reads: "Socialism is only possible in England if the power of the Conservatives is broken." A statement that smacks somewhat of the unregenerate "friendly alien," who blandly uses every facility and benefit of Anglo-Saxon tradition to undermine it.

It is this ambiguity regarding Socialism, that makes one look a little suspiciously at Mr. Koestler's otherwise so generously complete recantation; uncertain whether his tears are really for pity at the havoc caused by the recent war, or just for the backsliding from doctrinal, Marxian grace of Stalinite Russia. He repudiates Marx in all his ways, but one must not forget that the French Revolution came before Marx, and before it were the Illuminists and even Grand Orient Freemasonry. Mr. Koestler may be symptomatic of a great change of thought—I am convinced he is,—but this

matter of Socialism still needs probing, lest we find ourselves too quickly faced with the problem of World War number three, brought in by the repentants of this present failure to "bring it off," again pinning all their desperate doctrinal faith to "Socialism," whatever it may be, through—who knows—? The United States, this time, maybe, and only to be disappointed again by some Yankee Stalin, at what terrible cost to society, if there should be any society left by then.

And yet I come back to the point where I started. If all phenomena are primarily mental, we must look for change—real change, that is, not a mere revolution; which is just the old firm of Lucifer & Co., with a change of personnel—in men's thinking, in their way of regarding life. Marxian "dialectical materialism," as a way of regarding life and society, has led society out into the wilderness and is now rapidly dying for lack of nourishment; failing because the fountainhead is drying up. Inductive, "scientific" research, having spilled the whole material feast on the table, adding atomic energy as a *bonne bouche*, has yielded up the answer that might have been expected at the start; "I, egotistically speaking, don't know anything." And that is the hopeful burden of Mr. Koestler's book, passed on from the physicists and the biologists and the mathematicians. It is they who produced the munitions of war; they fed the French Encyclopedists and the Sociologists, Marx and Engles, and all those who have followed them, including the Fabians and Chatham House, and P.E.P. And it was the Sociologists who fed the political agitators and the columnists, and in their turn, the political agitators and the columnists fed the People, who are always the ones to suffer and die in the name of abstract ideas. But the supplies of food are running low. Mr. Koestler's book should be read by all intelligent people.

If the Russian Experiment has served even a little, to open men's eyes to the terror of an "unbalanced idealism"—opinion, dialectical thought—then perhaps it was worth while; though that in itself is awful to contemplate. The value of wisdom, if it is to be assessed by its cost, must be almost beyond computation.

NORMAN WEBB.

Bank Nationalisation

Major Douglas's View

Under these headings, the following appeared in *The Auckland Star* of October 17, 1945:—

In the controversy concerning the Government's intention to nationalise the Bank of New Zealand, it has been asserted in some quarters that nationalisation of trading banks is an integral part of the Social Credit proposals, which originated with Major C. H. Douglas, of England.

In response to a cabled inquiry a reply has been received from Major Douglas as follows: "I consider nationalisation of banking a long step to world tyranny."

DOUGLAS SOCIAL CREDIT MOVEMENT: BELFAST GROUP

A PUBLIC ADDRESS

in Grand Central Hotel

Tuesday, January 22 at 7-30 p.m.

Subject: Nationalisation at Home.

Questions and Discussion.

THE SOCIAL CREDITER

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Saturday, January 19, 1946.

A Light Horse

At the instance of the Grand Orient-controlled Belgian Socialists, who wish to depose King Leopold, the Belgian General Elections will be held, Beelzebub permitting, on February 17. As our readers will no doubt remember, February 18, on which date the results will no doubt be known, was declared by the prophet Daniel (regular Communist, Daniel—you can make him declare anything), the Pyramids, Mrs. Alice Bailey of New York, British Israel, and the diagrams published at great expense said to be defrayed by B'nai B'rith of New York in *The Times*, *Daily Telegraph*, *et hoc genus omne*, to be the date when a world-shattering event would take place.

We propose however to enter a Light Horse for the same stakes:—

Part I

The assistance of our readers is requested in order to obtain sound and considered answers to the following (preliminary) enquiries:

- (a) To what extent, and in what connection, if any, do you consider the adult universal vote constitutes a mechanism, with or without modification, corresponding with, and tending to, a satisfactory *political* system.

In this connection assess, quite objectively and with reference to any observed evidence, the incompatibility or otherwise of the two statements:

- (1) "The voice of the People is the voice of God."
- (2) "For Thine is the Kingdom, the Power, and the Glory."
- (b) If, within the limits you consider desirable and specify, or without limit, the vote is a competent mechanism, how would you confine its use to those limits if imposed, and how would you ensure that results of the same positive and concrete nature, on the political plane, are obtained, as in the case, when placing an order with your grocer in say 1896 (*i.e.*, before the South African War), you offered him a gold sovereign in payment?

Please address correspondence to the Social Credit Secretariat, 49, Prince Alfred Road, Liverpool, 15.

Disillusionment

The following is an extract from a letter dated Antwerp, December 23, 1945.

"I don't know how life has been in England during this last year, but in Belgium, since the liberation, it has been *la grande désillusion*.

"You know that during January and February of this year Antwerp was subjected to strong V I and V II bom-

bardment. No need to tell you that it was hell. Everyone who had a penny left cleared out at very considerable expense. Antwerp was so dangerous that it was placed strictly out of bounds for all British troops not on duty; if an English soldier did come to Antwerp, not on duty, and was killed, his family could claim no indemnity. Well, at that moment there happened the dirtiest trick imaginable. The English Town Major sent secret Gestapo agents, paid Belgians in civilian clothes, to seize all furnished flats belonging to people who had fled away because of the flying bombs. These agents, and I know their names, broke open the doors and installed British officers in them with all furniture, beds, blankets, sheets, linen, heating apparatus and everything belonging to an ordinary household. When these people came back they were put on the street like dogs, and eight months after the end of the war *they are still*. I myself was warned when in Brussels and took my precautions. I was lucky. The first time the agent came to ask if we were living in the flat, the concierge, warned by me, told him 'yes.' But then he came back to ask if we *slept* there.

"I have friends who are in that bitter situation. They are trying everything to get back into their homes, but it is no use. Their claims do not even reach the Town Major who is guarded by a numerous Jewish staff who decide everything and even open the private letters addressed to the Town Major.

"Let me compare these methods with the worst crimes seen during the German occupation. Their biggest crime was the imprisonment and sometimes execution of Belgians. But those people were concerned with espionage and sabotage of the enemy's occupying army. They were patriots who knew to what they exposed themselves. If a Belgian did espionage against the Allied armies, well he too would be executed. Second to that German crime came the expulsion of civilians from their homes. The cases where they had to leave all their furniture and private belongings were very rare. But these did arouse immense indignation and disgust against the Germans. But they never broke open private homes. When the owner was absent the Germans sealed the doors and when he came back he was given 24 hours to get out and before he left an inventory was made. But in the present case the doors were broken open, the premises immediately occupied and the owner expelled, and eight months afterwards after the end of the war they will not leave those furnished flats.

"What do you think of such methods? Can the English people be *en courrant* of such methods?

"A friend of mine has been many a time to the Town Major, but is not allowed to see him, and he is very lucky when he can speak to the secretary, who is a Jew. He has been there again this week, and when he very politely said that he could not admit the fact that his flat had been broken open and seized, the Jewish secretary gave the astonishing answer, 'Well, that is regular warfare and we are authorised to expel civilians and keep their private belongings.'

"Well, in your opinion, is that the authorised policy of the British Government? I doubt it very much.

"Then what can my friends do to plead their cause? Nothing can be done with the Town Major in Antwerp since it is impossible to reach him. Is there in England any official court where he could present his claim? I am partly inclined to believe that this unworthy method has been used by that Jewish staff without the Town Major being consulted. Is there any way out?"

Reflections on Soviet Russia*

By BRYAN W. MONAHAN

(Continued)

Although there is a great deal of deliberate confusion about Soviet Russia, there is no real mystery. The confusion is part of the technique of her foreign policy, and results from ideological warfare (German psychological warfare).

Reports of various congresses, Stalin's speeches, and official publications, not to mention local Communist 'manuals of instruction', for the converts, as distinct from propagandist literature for the general public, are available to those with the energy to read them, and they make no secret of aims or methods. The few besides the Communists who master them are easily neutralised as effective opposition by the perfected technique of attaching a label—Fascist, for example, or anti-Semitic. These labels are sure to be taken up, because they are easy and convenient, by the rather lazy modern journalist, who, regarding himself as the moulder of public opinion rather than as a reporter of facts, finds in the scientifically devised Communist slogans and catch-words just what he needs to produce an effortless flow of copy and an illusion of erudition.

Soviet Russia, then, is a politically autonomous country of immense but relatively slightly developed resources, ruled through the agency of a small, highly organised, highly trained 'General Staff' of which the present Chief of Staff is Generalissimo Stalin, by the *idea* of a single World State. This ruling idea is not original to Communism (*cf.* Bismarck—"We march separately, but we fight together"), but at the moment the Russian exemplification of it seems to be in the lead. However, the German General Staff, and particularly the extra-German territorial portion of it, has not yet been disposed of; hence, presumably, Hitler's re-iteration in the face of obvious military defeat that Germany would win in the end.

To subserve this world-conquering idea the population of Russia, which is treated by the leaders like cattle, is organised into an Army, and an industrial army supplying it. Considerations of economic efficiency are subordinated to those of effective control. For example, since 'proletarians' are more easily controlled than peasants, agriculture has been collectivised. The proletarian population required to supply tractors and other agricultural machinery, fuel, raw materials and the transport required to bring all these things together and to distribute them to the collective farms, is really a division of the agricultural population;† but as workers they are wage-slaves and dependent on the Government for the organisation of their food-supplies, and are therefore far more controllable than peasants living on the land.

Foreign policy is based on realities, and it is a reality that Russia constitutes a large, powerful, autonomous nation. Despite the appalling cost of the war to her, she has emerged with greater spoils, evidently has hopes of others, and has gained vast practical experience.

To those outside her boundaries, it makes little difference whether her foreign policy is based on fear of 'Capitalist' attacks, as she says it is, or on ideas of world conquest. The

fact, and it is all that matters, is that if any country acquires such masses of population, such control of raw materials, and such total organisation of the population as would render futile resistance to an act of aggression should it occur, then that country is in a position to dominate the world. Such supercentralisation is in itself a menace to the independence of every other country, quite apart from any ideological considerations. It therefore must be opposed before it becomes irresistible, because a changed government may have a changed ideology, and find ready to its purposes the instrument of aggression, just as Frederic the Great inherited his father's pet army.

The case is worse, however, when ideology is already a weapon. Stalin once said "Words must have no relation to actions—otherwise what kind of diplomacy is it? Words are one thing, actions another. Good words are a mask for the concealment of bad deeds. Sincere diplomacy is no more possible than dry water or wooden iron." At a Press conference at San Francisco during the United Nations Conference, Mr. Manuilsky, formerly head of the Comintern, and now Foreign Secretary of the Republic of the Ukraine, expressed the same opinion. He said: "We are political men, and at different times, and on different questions, we put forward different statements." This admission, remarkable on such an occasion, was to serve to explain why an act was right for the Soviet Government, but wrong for the Polish.

The only effective guarantee of non-aggression is economic and political decentralisation, and if centralisation is persisted in and increased, that is a more important fact than the verbal diplomacy which accompanies it.

Of course, the same considerations apply to an International Authority: if this is to control sanctions on a sufficient scale to stop Russia, or any other candidate that otherwise would be assured of world victory, *ipso facto* that Authority potentially controls the world. Of its very nature it must be a centralised organisation, and therefore susceptible of capture by an autonomous group. For example, it cannot be proved that the Great German General Staff has not foreseen this possibility, just as it foresaw the uses to which it could put the League of Nations, and did.* It is impossible to prove that all 'naturalised' Germans, many of them in key positions in Great Britain and the United States; in Government, business, finance and cartels, and some of them prominent Internationalists, are completely de-germanised. The continuity of the German policy of world conquest, of which the military episodes are only phases—"War is the pursuit of policy by other means," as Clausewitz defined it—is promoted most consistently by means of cartelisation in the economic sphere, and by the construction of bureaucracy everywhere where the German system of social 'security'—*i.e.*, central control and registration of the whole community—is adopted. We must look at these questions from a much more general point of view than is provided by a consideration of the few years of the Nazi Party. The German General Staff was *behind* Hitler, and has existed at least from the time of Frederic the Great. War, irrespective of military victory or defeat, furthers the underlying Pan-German policy to the extent that German ideas of organisation are furthered by it. In a possibly unguarded moment, Hitler admitted as much.

The problems raised by the existence of Soviet Russia

*See *Geneva Versus Peace*, by Comte de St. Aulaire.

*(From *The Australian Social Crediter*.)

†See D. J. Dallin, *The Real Soviet Russia*.

are therefore the crucial problems at the present juncture. They are made more acute by the fusion of Germany and Russia which is going on at present. They are the problems raised by the existence of any huge centralised military bloc. For but for that there would be no need for an International Authority on an even greater scale, a permanent temptation to some group to seize control of it to impose on the world its conception of how the world should be run.

The autonomous units of the world are being gradually reduced to two, and if the process continues these must fight in the end. The victor would be in possession of the prize of the ages—world control.

(To be continued.)

PARLIAMENT

House of Lords: December 17, 1945.

ANGLO-AMERICAN FINANCIAL AGREEMENTS

Lord Sempill: Just two hours ago a telegram was handed to me which, with your Lordships' permission I will read, as it is addressed to your Lordships' House, my own name being merely tagged on as an appropriate person to submit it to your Lordships.

"Australian Women's Party believe that American Loan to Britain and Bretton Woods Agreement if accepted would result in economic slavery and disintegration of British Empire. Pauline Budge, President."

That shows how people Down Under are thinking on these matters. . . .

The Duke of Bedford: . . . If a loan had to be obtained from America at all—which personally I doubt—I am not convinced that there was not a case for trying to negotiate a commercial loan for those goods, and those goods only, which we could not possibly obtain from anywhere else, and yet which were vital to our country's needs. If the proposal was turned down, I think that it should still have been left on offer, and I believe that, for reasons with which I shall deal a little later, in time, perhaps with a certain amount of grumbling, the American Government would have come to accept our proposal. I am convinced that if as much time and energy had been devoted to trying to mobilise the resources of the Empire and of other countries not under Wall Street domination as has been devoted to trying to negotiate the American loan, we should have ended up in a far more satisfactory position. The British Empire, armed with a thoroughly sound financial and economic system, could, I believe, produce sufficient to meet its own needs. . . .

The other important cause of shortage is investment. Whenever you take money distributed in the form of wages, salaries, interest or profits by existing industries, and use it either to set up a new industry or to extend an old one, then as soon as the new industry or the extension gets going and puts new goods on the market there will be a shortage of consumer money, for the simple reason that you cannot buy the increased amount of goods with a fixed amount of money. Some years ago I put this point to one of our leading economists—if my memory has not failed me, it was the noble Lord, Lord Keynes—and, when he discovered that it was not the usual Social Credit ninepin which he was in the habit of diverting himself by knocking over, he fled incontinently from the field of economic discussion. . . .

Then we were told that one of the aims of the Bretton Woods scheme is to secure full employment. Full employ-

ment is impossible in an age of labour-destroying inventions. You can only get full employment during a war. If the Bretton Woods experts said they were out to get a maximum production and maximum satisfaction of human needs they would be showing more intelligence.

Then there is the very grave objection indeed that we are proposing to hand over the control of our economic life, in a very large measure, to a gang of representatives of Wall Street finance who are responsible to no one and are above every Government. America will have more votes on the Bretton Woods board of management as it were, even than all the component parts of the British Empire put together and, either by economic bribery or by economic intimidation, it is obvious that her representatives will always be able to sway that body in whichever direction they desire. . . .

Possibly, I do not know, the Labour Government might feel tempted to punish us by political extermination, but even in that dire event, I would say that we at any rate will have gone down fighting for the deliverance of our country from economic servitude, and indeed for the protection of the whole world from the most impudent attempt history has ever known to establish an economic and financial dictatorship. . . .

Lord Teynham: . . . To vote for this Motion would be to accept fully the monetary policy set forth. Mighty Empires of the past have been swept away through weaknesses which have developed after great wars, and I hope we are not on the threshold of a similar catastrophe which might still be hastened by the financial and commercial agreements causing a strain on the financial link that binds our Empire together. . . .

December 18, 1945.

Lord Keynes: . . . The long-term blue print invites us to commit ourselves against the future organisation of world trade on the principle of tying the opportunity of export to import by means of bilateral and discriminatory arrangements and unstable exchanges such as are likely to involve in practice the creation of separate economic blocs. It is argued that this is premature and unreasonable until we have found means to overcome the temporary difficulties of transition and have more experience of the actual conditions of the post-war world, in particular of how a full employment policy works out in practice in its international aspects. . . .

It is a complete illusion to suppose that in Washington you have only to mention the principle of equal sacrifice to get all you want. The Americans—and are they wrong?—find a post-mortem on relative services and sacrifices amongst the leading Allies extremely distasteful and dissatisfying. . . .

During the whole time that I was in Washington, there was not a single Administration measure of the first importance that Congress did not either reject, remodel, or put on one side. . . .

Is it not putting our claim and legitimate expectations a little too high to regard these proposals, on top of Lend-Lease, as anything but an act of unprecedented liberality? Has any country ever treated another country like this, in time of peace, for the purpose of rebuilding the other's strength and restoring its competitive position? If the Americans have tried to meet criticism at home by making the terms look a little less liberal than they really are, so as to preserve the principle of interest, is it necessary for us to be mistaken? The balm and sweet simplicity of *no per cent.* is not admitted. . . .

It is not easy to have patience with those who pretend that some of us, who were very early in the field to attack and denounce the false premise and false conclusions of unrestricted *laissez-faire* and its particular manifestations in the former gold standard and other currency and commercial doctrines which mistake private licence for public liberty, are now spending their later years in the service of the State to walk backwards and resurrect and re-erect the idols which they had played some part in throwing out of the market place. Not so. Fresh tasks now invite. Opinions have been successfully changed. The work of destruction has been accomplished, and the site has been cleared for a new structure.

Lord Piercy: Within these two twin institutions—the International Monetary Fund and the United Nations Bank—we have two of the most hopeful pieces of international machinery that have been invented in our time, or for a very long time indeed. . . .

I make one last observation, which is this. The head of the Swiss Bankverein, Felix Somary, very early in the thirties at Chatham House made what struck me then as a remarkable prediction and seems to me still more remarkable as I recollect it. It was in the very early thirties, and he pointed out that the accumulated economic strains and stresses in Europe were very likely, if they could not be relieved, to give birth to a monstrous political progeny which might disrupt Europe. He had no foresight, I am sure, of Nazi power, but his predicting nevertheless in a remarkable way has come true. . . .

Viscount Bennett: . . . It must not be forgotten that during all these years we have been hearing talk of equality and sacrifice in every quarter, and no one who has crossed the Atlantic Ocean during the last five years will have any doubt as to the inequality of sacrifice. . . .

I am wholly in accord with those who support the Bretton Woods Agreement and the creation of an International Monetary Fund and an International Bank. There, again, the terms and conditions with respect to the establishment of that Fund and that Bank are the all-important elements. There are terms in those Agreements to which I should object, but I am not an expert in these matters, and I content myself with saying that the best possible arrangements, according to the views of those who are supposed to be experts, have prevailed. That is as far as I can go with respect to that. . . .

I am not disclosing any great secret by saying that the United States has consistently endeavoured since 1933-1934 to destroy the preferences. I submit that to have these family preferences settled by other countries than those within the family is wrong. It is essentially wrong, and it is because of that that I find it so difficult to agree to these proposals. It will be recalled that this document that is circulated with the Agreement contains a provision that we will discuss certain matters at a conference which is to be held hereafter. And it is important to recall that those discussions are not limited in any sense, but every county in the world that attends—Greece, and the Balkans generally, and the South American countries—will all take a hack at our family preferences. I submit that that is not right or proper, and that we should not by any possible chance have submitted those matters to such a gathering. . . .

I have had some experience with an international con-

ference myself. I was asked to call a conference of the wheat consuming nations in this country in 1932 and I think we had fifty-five delegates there altogether. We were un-animously agreed upon our conclusions, but did they last? They certainly did not. I always like to keep in mind the ideal. That is perfectly true, but on the other hand does anyone think it is possible to create the world conditions mentioned in the Agreement? Do any of your Lordships think it is possible? It may be a movement towards a desired end. But if they think it would, I would not like them to go through the experience we had in the wheat conference in which we all agreed on a certain line of action and the result was complete disaster.

The Lord Chancellor (Lord Jowitt): . . . I much prefer the observation which Sir John Anderson made when he spoke to the American Chamber of Commerce and which was reported in *The Times* of Friday last. He said he did not think any Government negotiating from this side would have got better terms. . . .

Lord Balfour of Inchrye: . . . The written word is what counts, and the written word shows we are committed to consideration of the elimination of Imperial preference.

It is the attitude of mind to the written word which is the second most important point, and there does exist the attitude of mind that in an international world there is no place for the British Empire and for Imperial preference, and that eventually, in the long run, they should be eliminated. The noble Lord, Lord Pakenham, speaking yesterday, said:

"I think even our bitterest critics on the other side must take it that we should not be mad enough or so lacking in regard for the Empire as to overlook the fact that the removal of a certain preference might ruin an entire community. In this process of natural bargaining that might count for a great deal. It is extremely unlikely that any arrangement would be reached which would be such as to bring an entire community to destitution."

"Might count," "would be extremely unlikely!" Surely, in considering a policy which might mean the extinction of one of our Colonies from an economic point of view, one ought to use far more definite language than "might count" or "it is unlikely." It is that of which I complain in the attitude of mind with which we are going to approach the commercial conference. . . .

The Earl of Portsmouth: . . . Surely—and in this I agree with Lord Bennett—one of the great troubles with which we are faced is due to the fact that it appears never to have been even in the last Government's minds, to have explored finally and fully—as we should have done from 1943 onwards, when the dangerous position into which we were likely to find ourselves at the end of the war, had become apparent—every chance of Imperial development and every opportunity for development of our own resources. I cannot believe, after fifteen years of study of the resources of the Commonwealth and Empire, and of our own home powers of production, that we have not the men, materials and the skill with which to build up a great stable foundation; because stability means beginning at the bottom. It does not mean putting a world edifice on the top and trying to build your foundations afterwards. I think it is necessary to begin with our Empire first and to continue afterwards with the other like-minded nations, and especially with the United States, which had already afforded us such relief in the war. . . .

Lord Beaverbrook: My Lords, I say to the noble Lord that there will be a vote. We will challenge the Govern-

ment. They will perhaps defeat us because you will observe that they have got all the bankers on their side. This is a new phase in the development of the Socialist Party. They are united, the Socialists and the bankers, in their opposition to us! First let me say that I do not criticise the Americans at all for the terms they have exacted in making us the offer of this loan. Not a bit. I do not criticise the strings they have tied to it. It is my view that these terms are quite reasonable. The interest charge of 1.62 per cent. is a new experience. . . .

I deny that the terms are harsh. I do not think the conditions are stiff, and I hold to the opinion that the loan is reasonably offered and should be gratefully rejected! . . .

We are told that if we do not import cotton we shall go short. It is true that before the war we imported one-third of our cotton requirements from the United States and one-half from the Empire but we have now in stock a large quantity of American cotton, far more than we can use in a considerable length of time. It is estimated by those who are competent in the cotton market that there is a sufficient store of cotton on hand to supply our requirements for several years. . . .

When we called upon the Colonies for raw materials for the purposes of munitions of war and to build aeroplanes we got a double output. The same applies to every other commodity. Cannot we do likewise in peace-time if we are confronted with a financial crisis? Of course we can; it only requires the spirit to do it and the energy and the drive—nothing more. It may be, we can make a success of it. . . .

But even that is not the whole picture. The sterling balances due to Australia and New Zealand can be set off against the wool we bought from those Dominions, and not only set off against the wool because there is a surplus besides. We actually bought from those Dominions up to June 30, 1945, according to information received from the City to-day, wool to the value of £470,000,000. We bought the wool from three Dominions, the Commonwealth of Australia, New Zealand and South Africa. We have paid for that wool, but we have not been able to use it; it is in store here. . . .

The Dominions, taken altogether, are actually in debt to Great Britain. There is a balance of debt in favour of Great Britain after making allowance for the sterling balances held here in London. Will Lord Keynes deny that? No, he will not deny it. This is not generally known, and you did not hear it in his Lordship's speech this morning. . . .

Lord Samuel told us that it was all right because Mr. Dalton said it was not the gold standard, and Lord Sempill told us it was all wrong because Mr. Morgenthau, formerly of the American Treasury, said it was the gold standard. We had those two quotations, one from Mr. Dalton and the other from Mr. Morgenthau. Mr. Morgenthau was longer in office than Mr. Dalton, so I suggest you take the opinion of Mr. Morgenthau. Then we had that very distinguished banker, Lord Balfour of Burleigh, the Chairman of that great institution, Lloyds Bank, telling us "This is not the gold standard." He did not tell us that yesterday; he told us that in 1944. We should be influenced by the opinion of such a great banker. But we had Lord Sempill telling us that Mr. Nelson Aldrich, the President or Chairman of the Chase National Bank, had said that it was the gold standard. Mr. Aldrich has been much longer Chairman of a bank than Lord Balfour of Burleigh, so I suggest we accept his

opinion. . . . I was going to congratulate Lord Keynes again. You may think I am talking too much about Lord Keynes, but I have the greatest admiration for him; I admire him as the finest living propagandist. Perhaps he is going to put over something big this time. However, as to the speech he made here to-day, I heard him make in substance the same speech in support of Mr. Baldwin's debt negotiations in 1923. . . .

The noble Viscount, Lord Samuel, whose speeches I admire very much—he is a magnificent speaker; I wish he could think as well as he speaks—told you that the purpose and desire is world free trade, and that the only reason for our tariffs is that other countries have them as well. . . .

Destroy the sterling *bloc*, disperse that dollar pool, eliminate Imperial preference, and we throw away this Empire. I came here 35 years ago with this vision of the Empire as an economic unit. That vision came very close to realisation. The Empire structure grew in strength and purpose. Now it is being needlessly and wantonly and wickedly thrown away. . . .

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Motion agreed to accordingly.