

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

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From Week to Week

According to *Vers Demain* President Truman has just been initiated into the highest Masonic Degree.

President Truman may think so, but we doubt if Mr. Bernard Baruch does.

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If we are witnessing the Dawn of a Better World,

"The roseate hues of early dawn
How soon they fade away"

seems to have been a prophetic hymn based on the opinion, Red sky in the morning, shepherds' warning.

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These are prices in advertisements in the *Dundee Advertiser* of 50 years ago:—

- Oranges—100 for 3s. 6d.
- 1 dozen case whisky—28s. 6d.
- Fruit cake, 3 lb.—9½d.
- Shortbread—1s. 8d. per lippie.
- Cheese—4½d per lb.
- Cigarettes—400 for 8s. 9d.
- Bacon—4½d per lb.
- Indian rugs, 6 ft by 3 ft.—8s. 11d.
- Suede gloves—1s. 11½d per pair.
- Imitation daffodils—8½d per dozen.
- Music Hall at People's Palace—
Admission 3d. upwards.

"It was being suggested that the Chancellor should reduce by a penny the income tax, which now stands at the high rate of 8d."

We don't want you to tell us, Clarence, that we have three wars to pay for. We are still paying in prices, but not in inescapable fact, for every war fought since the Rothschilds settled in London. And the Planners are going to see that we pay for them for ever—or so they think.

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The effectual head of the most powerful, and now camouflaged, Commission for Military Supplies (U.S.A.) is Anna Rosenberg. She was appointed by direction of Bernard Baruch.

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A Petition for Annulment, together with the requisite bond for \$1,050 has been filed in connection with the election of G. Octave Poulin in the Quebec Provincial bye-election for Beauce constituency. Practically every elector in the constituency was supposed to be a Social Crediter; the circulation of *Vers Demain* is much greater than that of any other political paper; and it was well recognised that the candidature of Professor Grégoire for *l'Union Créditiste des*

Electeurs was a test case. Its importance is indicated by the fact that *Time*, the New York news-magazine, sent a special reporter, whose description of the proceedings was frank in the extreme. It is estimated that at least \$350,000 was spent in defeating Professor Grégoire. Streets were specially paved for blocks of electors; best Scotch whisky by the bottle was distributed to any voter for the asking; and a really good time was had by all. Monsieur Poulin, the Government candidate, was elected by a plurality of more than 5,000 votes. Amongst the long list of allegations against him is that "out of a total of 115 ballot boxes, 114 were not in the condition required by law... in 27 ballot boxes there were more votes than there are electors." Waal, waal, waal.

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"What is the use of running if you are on the wrong road?"—*German Proverb.*

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It ought to be clear without much elaboration that the 1914-1918 and 1939-1945 (?) War had as its primary objective, a World Government. There is every evidence that the League of Nations was a primary excitant to war, just as its double, UNO, is doing more to make peace impossible than any other single factor at the moment. Now, it is absurd to say the majority of people want either war or Uno—the reaction against both is increasingly violent.

Where is the pressure coming from? Dr. Alfred Nossig, the distinguished Jewish author of *Intergrades Judentum* supplies what appears to be an almost complete answer:

"The modern Socialist movement is in great part the work of the Jews, who impress on it the mark of their brains; it was they who took a prepondering part in the directing of the first Socialist Republic, although the controlling Jewish Socialists were mostly far from Judaism [?]. The present world Socialism forms the first step of the accomplishment of Mosaism, the start of the realisation of the future state of the world announced by our prophets. It is not till there shall be a League of Nations; it is not till its Allied Armies shall be employed in an effective manner for the protection of the feeble that we can hope that the Jews will be able to develop without impediment in Palestine, their national State; and equally it is only a League of Nations penetrated with the Socialist spirit that will render possible for us the enjoyment of our international necessities, as well as our national ones...."

It would be easy to be flippant about this extract; instead, we commend it to the most serious attention. It is a clear indication of the magnitude of the world's danger.

• • •

"The Moscow papers are now giving more space to the

struggle for Indonesia than they gave to the entire Pacific War. But for Australians, there are a number of questions still to be answered satisfactorily regarding the Indonesians.

1. Is it a fact that Australians in Java, including survivors from the Perth, were handed over to the Japanese by the Indonesians?

2. Is it a fact that the present Indonesian Nationalist Government consists of politicians who collaborated with the Japanese. . . . ?

3. Are the local Communists supporting the Indonesians who murdered British officers and Indian Gurkhas. . . . ?”

— *Century*, Sidney, (N.S.W.) November 9, 1945.

We should like to add to the foregoing: Why does the *Saturday Evening Post* retain a Communist, Edgar Snow, whose articles impute greed and “imperialism” to the British on every possible or impossible occasion?

Why is the fact that the British troops are in Indonesia on the orders of General MacArthur (“The Magnificent”), U.S.A., never mentioned in Russian, and rarely in any other newspapers?

What public support on the Security Council has Mr. Bevin received from the U.S.A. Delegation in the attack made by the Russians and their puppet Manuilsky, on the presence of the British in Indonesia, in spite of the fact that they are there by General MacArthur’s orders?

The *Edmonton Bulletin* (Alberta), whose change of policy we note meditatively, republishes from the *Vancouver Sun* an interview with the Dean of Canterbury who is stated to have said “My experience has taught me that the most important elements in Social Credit are incorporated in the Soviet Financial system—the control of money by the State, and the pricing of goods.”

We have much sympathy with the man who complained that after hearing Dr. Johnson expound Social Credit, he couldn’t see why the bankers didn’t like it.

It is so apparent that Socialism and restriction are inseparable, that it is little short of amazing that so few people seem to realise clearly that continued prison rations are of the very essence of the plot. What essentially is Socialism but “controls”? And how do you impose controls except by saying that there isn’t enough to go round and that the Hottentots are starving and so you must be rationed by father, who knows the Hottentots personally, and who knows best? That gives you time to organise a secret police-force which will see that by the time you find out that everyone is being treated better than the p-- b-- (native) English, it doesn’t matter. They’ve got you where they want you.

We find it difficult to follow the vagaries of our ostensible politicians, although much easier to grasp the intentions of the secret powers behind them, and we are awaiting a demonstration of Sir Stafford Cripps’s determination to export British motor cars.

A good-class English-made 16 HP car is a little better, for conditions that suit it, than a car of the class of the Chevrolet in U.S.A. The former costs the home user a little under £800 at present prices, the latter under £200. Is the bright idea to sell the British car abroad at one-quarter the price charged to the home user? We are aware that

textiles, coal, *etc.*, for many years have been cheaper ten thousand miles away than in Lancashire, but as we are always being told, we were rich then. How long is it calculated that the home market can subsidise the export market? Or just isn’t it?

The following table, which is taken from the current *Income Tax Payer* assumes that the 1946 pound sterling is worth 8/4d of the 1913 pound. The cost of living is calculated on a bare living basis and takes no account of the extortionate price of uncontrolled articles or of the great rise in indirect taxation.

	1913			1945		
	£	s.	d.	£	s.	d.
Salary	300	0	0	1,000	0	0
Income Tax	5	5	0	351	2	6
Net Income	294	15	0	648	17	6
Valued at	1	0	0	8	4	
Equivalent	294	15	0	270	7	3

In order to understand fully the significance of this table it must be remembered that the man-hours per unit of production, including transportation and distribution have probably decreased in the ratio of about 100 to 15 between 1913 and 1945. If prices were based on true cost, therefore, the 1946 pound would be worth about £6 12s. 0d. instead of 8/4d. The difference represents conscious and calculated inflation by the Treasury and the Bank of England and is merely a concealed form of taxation additional to the taxes imposed by the various Finance Bills. Had the creations of monetary units which are necessary to represent improved process been applied, as they should have been, to a reduction of prices, the pound sterling would have stood at an immense premium to the dollar, and everyone in the country would be better off, while no one would be poorer. But of course Dr. Dalton wants to make us poorer. The insane and interminable upward trend of “paper” wages, inevitably reflected in rising prices, would have ceased, because a rise of real wages would have been automatic. The New Dealers in U.S.A., the affiliate of P.E.P., are openly admitting that they will penalise the consumer to play-in with the Trades Unions.

It is typical of the peculiar and non-British, if not anti-British, policy of Beelzebubs Brethren Calling, that at a time when the relationships of East and West are highly critical and delicate, it should play up the riots in Calcutta and Bombay as being in the nature of a revolution against British rule. In point of fact, riots, and frequently more severe riots than those to which the “B.”B.C. devotes so much attention, are an annual event in the Provinces of Bengal and Bombay, and the only fundamental connection that they have with the British is that they would be far more serious if the British were not there. The primary exciting cause is the Mohurram, the Islamic Lent, which has a naturally irritant effect on Mohammedan tempers. It is probably true that a good deal of the money at the disposal of the Congress party is going to foment riots, but the astonishing fact is not that they occur, but that they hardly exceed the normal of the past seventy-five years.

Without the money of the Hindu millionaires whose objective is strictly business, the Congress Party would have collapsed years ago. But there is nothing to suggest that rioting between Hindu and Mohammedan would have been sensibly affected.

PARLIAMENT

House of Lords: February 6, 1946.

THE ECONOMIC POSITION

Lord Teviot had given Notice that he would call attention to the economic position of the country having regard to the proposed financial commitments outlined by His Majesty's Government; and to move for Papers. The noble Lord said: ... The question I raised... was the relation between the national income after the war and the public expenditure after the war. The national income, I would remind your Lordships, is the aggregate sum of all private incomes. The public expenditure is the expenditure of the Government. Sixteen months ago our concern was the relation between these two sums, for it was clear that the national income probably would not remain at the high figure of that time. The figure of the national income was then £8,334,000,000. As far as I can find out, there are no figures with regard to the subsequent national income since that date. What disturbed me at that time is disturbing me still more now, and that is that the proposed and contemplated additions to the post-war public expenditure are piling up to the extent of hundreds of millions. That is the worry that I think we are all bound to have if we look into the state of affairs to-day...

I shall confine myself, I hope fairly and temperately, to helpful comment and necessary criticism of the legislative proposals and administrative measures which are the clear and obvious consequences of the choice of the electors. Whether or not any given consequence which comes before us depends on us for final acceptance, we naturally reserve the right of personal judgment. The Parliament Act of 1911 deprived your Lordships' House of a concurrent voice in all legislation, but if I may say so, it did not turn your Lordships' House into an assembly of tame cats allowed to mew but not to scratch. It will not suffice us to be told that a given measure was the subject of a pre-war pamphlet issued by the Socialist Party, adopted as such by the Socialist Party Conference, and stated to be part of a programme which would be initiated if they were successful at the polls...

If, sixteen months ago, on the facts then known, there was good reason to consider, with minute care, the relation between the post-war national income and the post-war national expenditure, there has just occurred an event which makes it a matter of the utmost gravity to do so now. Your Lordships no doubt will anticipate that I refer to the new situation created by the American loan, by the conditions attached to our acceptance of that loan, and by our adhesion to the Bretton Woods Agreement. The first two, the loan and its strings, as the phrase goes, have profoundly shocked the people of the country. To put it mildly, the ship of State is launched on an uncharted and stormy sea, with a new captain, many new officers and very many new seamen, all of them predetermined and pledged to steer straight for the Socialist port, whatever happens...

The loss of life and happiness due to the war is its most grievous burden. The uprooting of the long-term growth of civilisation comes next in war's foul record, but by no means unimportant is the destruction of the accumulated wealth on the proceeds of which so much of our present physical well-being depends. No country, not even

Great Britain, can suffer the loss of one quarter of its wealth without undergoing a measure of privation as the unavoidable result.

For my part, I am bound to say that when I look at the American Loan in the light of the official figures I have just quoted, I am discouraged as to the possibilities of future co-operation between the nations of the earth—possibilities implicit in U.N.O. but awaiting realisation in practice. When I reflect on the very different economic results which co-operation between Great Britain and the United States in their great crusade against the forces of evil brought to us and to them, on reflection, even bitter reflection, I am bound to say I do not see how we can do without the American Loan, but I am also bound to say that it departs very far and very unfairly from the Churchill-Roosevelt idea of the equality of sacrifice. The Americans were great fighters and grand companions in arms during the war. They have, to say the least, not carried over into peace the ideals and enthusiasm that they developed during the war. I will have a little more to say about that later.

On our side, the compact is sealed, signed and delivered. That is not the case on the American side. There the final decision rests with Congress, and that decision will not, I understand, be given for four months at least, and it rather looks as if it may be longer than that. Moreover, there is no absolute certainty what the decision will be. They may alter the so-called string. What then? The build-up of the American political system looks, in theory, pretty well the same as ours, but is in fact completely different. Here the Government knows that what it proposes to do will be done, unless the other place compels it to resign; and the other place never does that in our day, because the Government has one more say in the matter. Instead of being booted out, it may boot out. That is a very salutary arrangement, which is unknown in America or in France.

Therefore there is an interval of some four months or more during which the American loan and the financial arrangement, which is part and parcel of it, is for us, though not a decision to go back on unilaterally, an arrangement of which the consequences and collaterals may be ventilated by discussion in high quarters. I consider that your Lordships' House is one of the quarters where it can profitably be discussed. The first of these collaterals is this. We are fully cognizant, not only of the obligations we have undertaken, but of the one absolute condition under which we can fulfil them. We can only pay our debt to America by exporting goods and services to America.

I believe the view is widely held in America that we did not pay up on the Baldwin debt agreement after the last war. We must do everything we can to see to it that the Americans know the exact truth about that matter. I propose to tell it here and now to your Lordships in very plain terms. We did not pay up, for the simple reason that the Americans would not let us pay up. The United States, as your Lordships are aware, was a highly protectionist country before 1914. The war was hardly over when Congress began to add more bricks to a tariff wall which was already extravagantly high. There was first the Emergency Tariff of 1921, then came the Fordney-McCumber Tariff of 1922, and finally the Hawley-Smoot Tariff of 1930. There is this to be said for our excellent

(Continued on page 6)

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

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A Light Horse; PART II

To those readers who expressed their views on Part I:—

- (1) Can you give a reasoned defence of secret balloting?
- (2) If the free expression of opinion is part of English tradition, does that imply that it should be anonymous and irresponsible?
- (3) Or is it only to be anonymous and irresponsible when it is effective in an election?
- (4) Do you consider it desirable that the rules of society should be at the mercy of an anonymous, irresponsible and politically ignorant vote?
- (5) If it is defensible why should a vote be anonymous?
- (6) What percentage of Socialists would you say have built up a successful business?

The Secretariat Needs Money

Well into the first year of 'peace,' the special disabilities associated with a state of war are imperceptibly reduced in any direction.

During the war, as our readers know, the work of the Social Credit Secretariat was carried on uninterruptedly, with what effect it is not easy to assess. We shall always be the last to receive information concerning our real influence. The most casual direct inspection of the field in which we are working will show that our opponents still deem it necessary to misrepresent, suppress, embarrass and deceive, as well as to avoid considerable territory which we have made unprofitable if not uninhabitable for them. If established business organisations find it hard to effect the 'transition' to peace conditions, it is not surprising that we should do the same. The work of the war years has fallen upon a skeleton staff, paid and unpaid, among the latter being, in one way or another, a large minority if not a majority of our readers, who can, therefore, judge of our situation for themselves. Additions to the paid staff have been made, which will be fruitful of results in due time. Opportunities await exploitation which will call for renewed effort and expenditure. In a time of general and planned impoverishment, no one can deem himself more than relatively 'well-off,' and doubtless so it is with those whose policy the Secretariat endeavours to advance. But there are many whose ability to back their convictions with purchasing power is relatively high, and for them even more than for those less fortunate the question must present itself 'what other security can I help to secure?' Unless the tide is turned (it will not turn itself) the future, if our main theses are valid, holds little to attract, and little in which to repose faith.

Additionally to many loyal and generous supporters over many years, there is now a large and increasing number of unseen supporters, who are personally unknown to us, and with whom we can communicate only through the pages of *The Social Crediter*. They are not direct subscribers to the paper. Since war broke out, the circulation of *The Social Crediter* has doubled, despite the many forces at work to prevent by all means available the extension of its influence. We have considerable and certain knowledge of what those means are. In some cases we can meet them; in other cases only our readers can meet them, with such weapons as we are able to make accessible to them. The reputation of *The Social Crediter* and its introduction to a public more ready to receive it than is generally supposed lies to a greater extent in their hands than in our own. We can only assure them of a fact.

Subscription to the Secretariat, on the other hand, is a matter of will in alliance with ability. For the coming six months at least more money will be needed than during the war years, and the Treasurer would be glad to hear from anyone who can assist in providing it.

The First Lord Lytton

"... He was himself a member of the Society of Rosicrucians and Grand Patron of the Order. As this was a secret society, it is not surprising that among Bulwer's papers there should be no documents which throw any light on his connection with it, nor any mention of it in his correspondence. I am, however, indebted to Mr. Hargrave Jennings, author of a history of this order [*The Rosicrucians, Their Rites and Mysteries*, 1870.], for the following letter, which he received from Bulwer (then Lord Lytton) in 1870, acknowledging the receipt of his book which had just been published:—

12, Grosvenor Square,
July 3, 1870.

Dear Sir,

I thank you sincerely for your very flattering letter and for the deeply interesting work with which it is accompanied. There are reasons why I cannot enter into the subject of the "Rosicrucian Brotherhood," a Society still existing, but not under any name by which it can be recognised by those without its pale. But you have with much learning and much acuteness, traced its connection with early and symbolical religions, and no better book upon such a theme has been written, or indeed could be written, unless a member of the Fraternity were to break the vow which enjoins him to secrecy...

Some time ago a sect pretending to style itself 'Rosicrucians' and arrogating full knowledge of the mysteries of the craft, communicated with me, and in reply I sent them the cipher sign of the 'Initiate'—not one of them could contrive it. — Believe me, Sincerely your obliged,

Lytton."

"Our T.U.C. Mixture Will Do You No Harm"

— T.U.C.

"... The discussion with the Minister was confidential, but it can be stated that the Government's proposal WILL NOT be inimical to the welfare of either the profession or the community....

"The Medical Practitioners' Union is a registered Trade Union affiliated to the Trades Union Congress, but is not affiliated to any political party."

— Dr. A. Welply, February, 1946.

Reflections on Soviet Russia

(Continued)

By BRYAN W. MONAHAN*

C. H. Douglas has stated one of the most important conceptions of political analysis in the words "History is crystallised politics," and has emphasised the absurdity of an episodic view of events. That is to say, day to day events are the outcome of continuous policies the roots of which extend back, in many cases, for centuries. Professor Laski, dropping the mask, attributed the Socialist victory in Great Britain to fifty years of propaganda, a statement which gives a more correct, though greatly fore-shortened, perspective of the result of the 1945 general election than does the greater part of current political comment.

The view that Soviet Russia is politically autonomous though made use of above, is in fact an episodic view. Russia embodies the idea of a single World State, and the politics of this philosophy can be traced back almost indefinitely. The present position is that Russia, under the Soviet system of National Socialism, is an instrument for the imposition of this policy on the whole world by force. But the policy is extra-Russian.

Soviet Communism derives immediately from Karl Marx as a focus, but it is important to recognise that his ideas did not originate with him. An earlier focus was Adam Weishaupt, in whose system the more important of all the earlier conspiracies were condensed into a scheme which was comprehensive, and which underlay the French Revolution of 1791.†

Weishaupt founded in 1776 a secret society known as the Bavarian Illuminati, whose objective was the overthrow of all existing forms of government. The methods of modern Communism are, with little necessary modification to meet changing conditions, the methods expounded by Weishaupt.

Soon after its inception Illuminism permeated lodges of Grand Orient Freemasonry, and the effect has been permanent to date. What it means can be seen in the following comment by Douglas Woodruff in his *Mediterranean Enquiry*: "The continual pin-prick hostility abroad, shown in things like the Resolution of the Foreign Affairs Committee of the French Consultative Assembly calling for a breach of relations with Spain, are immediately declared by Spaniards to show the hand of the Masons, who, in conjunction with the Communists, are abroad forever working to overthrow the present Government. Historically, there can be no question of the political reality of Masonry, in the politics of Spain, as in those of Italy and France. It is provincialism in Englishmen to deny or doubt it."

Now, there are two aspects to the spectacular contemporary advance of Soviet Russia: the actual Russian advance, and the *ineffective opposition to it*, and Mr. Woodruff's observation provides the essential clue to the latter aspect. The macrocosm can be seen in the microcosm of Spain.

An invaluable account of Spanish affairs is given by

*Earlier instalments appeared in *The Social Crediter* for January 12 and 19.

†N. Webster, in *The French Revolution, World Revolution and Secret Societies*, gives a comprehensive account of this important matter, and includes reference to original documents which place the connections referred to above dispute.

Foss and Gerhart in their book *Spanish Arena*. The salient features of the situation are these: As a result of Left propaganda, a "Left" government came into power. The importance of a Left Government anywhere to Communists is that it will not maintain order in the face of increasing industrial anarchy and threats. The admitted technique of Communists is to inflame workers' grievances and to promote strikes and stoppages, not to secure relief of those grievances, but to aggravate them. The ultimate objective is to bring about a situation where production and distribution breaks down, large-scale starvation follows, and civil disorder follows automatically. In this situation, a highly-organised, correctly disciplined group which anticipates the development has the maximum chance of seizing power, which once seized can be maintained by terroristic methods. This programme was well advanced in Spain when anti-revolutionary forces (which by Communist definition are 'Fascist' *ipso facto*) intervened.

Once a situation has degenerated to the extent which had occurred when Franco intervened in Spain, it is impossible to restore it without firmness at the best. The Communists specify ruthlessness, and practise what they preach. It was inevitable, therefore, that the course of events in Spain would be unpleasant; but some perspective on these events is necessary.

Although they are not emphasised, reports appear almost daily in the Press of torture and 'liquidation' of political opponents; of secret police forces; and of murder, rape, and looting in the countries of Eastern Europe under Russian-supported Communist Governments. That is to say, conditions in those countries are now certainly vastly worse than those in Spain. But there is not that integrated, concerted, continuous and world-wide propaganda, appearing under the guise of 'news,' in favour of intervention in the affairs of those countries, as there is in the case of Spain.

Now even if Spain were under a dictatorship on the German Socialist model, as bad as that has been revealed to have been, it would still be nonsense to suggest that it constituted a threat to the world. How could it? It is much less a threat than is Yugo-Slavia under Joseph Broz (Tito), for example. Yet the contumely, and worse, of the international Press is being directed at the Spanish Government while authentic accounts of fearful terrorism in Eastern Europe are being played down as minor news, of no significance to civilisation. And why?

Barrio, the President of the so-called Spanish Government-in-exile, at the moment housed in Mexico City, is head man of the Grand Orient Freemasons in Spain. That is one reason at least.

The original programme of Illuminism relied on corruption and disintegration of governmental authority, to culminate in revolution; and until this programme succeeded in Russia, there was no other method open to it. Now, however, as we have seen, Illuminism, in the modern form of Communism, is backed by the armed might of a nation of two hundred millions.

Grand Orient Freemasonry is still Illuminised, and one component of its essential activity is to paralyse resistance to the World State idea. Once that essential fact is grasped, it is possible to recognise the design behind the apparent chaos of world events. The observation of Lord Acton, in reference to the French Revolution, applies exactly to the present world revolution:—"The appalling thing in the

French Revolution is not the tumult but the design. Through all the fire and smoke we perceive the evidence of calculating organisation. The managers remain studiously concealed and masked; but there is no doubt about their presence from the first." (Lectures on the French Revolution, p, 97).

There are several routes to the World State. Several have been tried and have failed, the latest, and most formidable, being the attempt through German domination.

Leopold Schwartzchild, in *World in Trance*, gives exhaustive, authentic, and conclusive documentary evidence to demonstrate that after the 1918 defeat of the first attempt, Germany prepared for a second, and that Hitler arrived on the scene only when those preparations were well advanced. But what is specially significant, though not particularly emphasised by Schwartzchild, is that the policy pursued by Great Britain was almost exactly complementary to the German policy, irrespective of changes of government. Schwartzchild gives the evidence, but the book is not centred on that aspect of the situation. What we are really confronted with are the positive and negative aspects of one policy, and what that means is that some group with connections in both countries wanted war, and hence promoted German recovery and destroyed British power to bring about that state of equalisation short of which wars just do not occur. From 1918 onwards we saw a paralysis of resistance to German preparations; the policy of 'appeasement' was in operation long before Chamberlain came to power. But now we witness an exactly similar paralysis of resistance to Russian expansion; and again it is manipulated chiefly by the Socialist groups (including, naturally, *The Times*), whose inspiration is derived from extra-national sources.

(To be continued.)

PARLIAMENT

(Continued from page 3)

friends on the other side of the Atlantic, they love to do things on a colossal scale.

Their tariff wall from 1930 onwards was about as colossal a thing as anything they ever built and it put paid to the war debt owing by Britain to the United States. We must ask our American friends a very plain question, namely, "Are you going to do that again? Are you still extremely anxious to export goods to us and still extremely anxious that we shall not export goods to you?" This is a perfectly simple proposition, and I think it is one to which we should face up. I agree that American experts, President Truman and the members of his Cabinet—a word common in our system and theirs but meaning two different things—say as plainly as we do that the position is just as I have stated it. I am inclined to think that American businessmen see it the same way also, but—and here is the rub—Congress has to see it. On tariff matters, from Lincoln's day to Franklin Roosevelt, Congress has had only one thought—to keep out British goods. As your Lordships will readily see, the whole of that has got to alter if we are going to stand up to the situation into which we are putting ourselves with regard to this loan.

Even to-day President Truman has to recommend Congress to agree to the loan because its first purpose is specifically stated to be to enable the British to buy American goods. There is a famous public school song called "Forty years on." Our great grandchildren will be

still paying America for the food we consume and the raw materials we use up. We are obliged by our present necessities to incur that hard and long-enduring obligation, and these present necessities are due to the greatest service one nation ever rendered to the other nations of the world. We started as a creditor nation and we ended up as a debtor nation. This seems to me to be quite wrong. It is a fact that in respect of the first world war, on balance the world outside this island still owes us £2,300,000,000. When you think of this little Island and its small population, it is marvellous how we have stood up to all this.

If we had gone down after France fell, Europe would have gone down with us and the United States would probably now be fighting to save its skin. As an arrangement between friends who are trading side by side, this loan is a marvel of generosity; but as between a huge continent and a small island which have been fighting side by side until the existing national and financial resources of the small island have been exhausted, it has, in my eyes, a very different aspect, and I am in honour bound to say so. Look at what has happened quite lately. Sir Ben Smith, the new Minister of Food, has just come back from America. What has he got to tell us? We must not have dried eggs because there are not the dollars to pay for them. Supposing, when we were fighting the world's battles alone, we were short of shells and guns; would there have been any refusal then on account of no dollars? We are alone again now, but our struggle is to maintain the health of our people who have stood up to a terrific ordeal so gallantly.

Here are one or two questions on which I should like information. Is it the case with the American loan that a credit has been placed at our disposal so that if we order goods, say, from the Argentine, or from Australia, payment can be made by means of a draft which will be honoured by America? Or are there merely to be a series of bookkeeping transactions respecting American supplies delivered to this country as and when required? Is it not the fact that if the situation improves in this country, perhaps only a fraction of this credit may be taken out? Furthermore, is it not a fact that if Congress refuses to ratify the loan we are still tied to the Bretton Woods and ancillary agreements? If this happens, will it be possible for the Government to maintain that these various matters are all joined up together? Congress may turn the loan down. As this possibility must be under consideration by the Government, it would be helpful, I think, to have some indication of how they are preparing to cope with this added difficulty. . . .

Speaking generally, we may say that the economic resources of the Empire are sufficient, when fully exploited, to satisfy all the economic needs of the Empire. And that raises another interesting speculation. It may turn out, in time, that the loan, if agreed to by Congress, may be more than, in fact, we needed to ask for. If so, are we still to be bound in perpetuity by the conditions which we had to agree to when it was granted? . . .

It was the management and the workers of each industrial unit who gave us the goods we needed; all that the Government did was precisely what all customers do—they drew up the specifications, placed the orders, and paid the bills; that and nothing else. The need for goods and services for waging war has diminished from a torrent to a trickle. It has been replaced by a need which is no less

urgent, the need for a vast supply of the goods and services of daily life. This need, like the old one, can be satisfied only in the same way; and the sooner the Government take that way, or rather allow our managements and workers to take it, the sooner our needs will be satisfied.

The people demand goods, and they certainly have the money to pay for them. Bring supply and demand together and the thing will be done. The world demands goods. Admittedly there are difficulties, but I can see no reason why these difficulties should not be overcome. That can be done only by the men on the job; in my view it can be done only by the same managements and workers who gave us all we needed for fighting, and who must now give us all that we need for living. It is six months now since Japan crashed, and there is hardly a trickle back to the empty shops of the goods that our wives must buy for us if we are to have a semblance of the life which was led in this country before the war.

Ministers seem to be obsessed with the notion, derived from puffed-up Socialist doctrines, that everything depends on them. The actual fact is, of course, that in this business of making goods we need little or nothing from them. In the United States they are racing back to peacetime industry; here we are dawdling back. I want the noble Lord who is to reply to answer this question: what chance have we, as things are now, of competing with America in the markets of the world, where alone we can buy the goods we need and sell the goods with which to buy them? I invite a very definite answer on that point.

I shall conclude by saying this. For the figures which I gave in 1944 I was called gloomy; I was almost jeered at at times. The national debt at that time was £20,000,000,000. Our external liabilities were between £3,000,000,000 and £4,000,000,000. Lord Keynes gave that figure. To-day our national internal debt is over £30,000,000,000, as when I spoke before I anticipated it would be, and our external debt is over £4,000,000,000 making in all a debt of between £34,000,000,000 and £35,000,000,000. This is very serious, and I feel that I am not asking too much if I ask the Government—I do not expect an answer to-day—to set up a small but very competent Royal Commission appointed to consider the whole question of the national debt, internal and external.

The Duke of Bedford: . . . The very best way of mitigating the evil of inflation is by seeing that you have the maximum quantity of home-produced goods and imports on your home market to back and give value to your money, for remember that there is one thing, and one thing only, which constitutes inflation. Inflation has nothing whatever to do of necessity either with the way you spend your money or with the way you get it; it depends solely on whether there is behind your money, whether it be paper, coin or cheque, enough goods and services to give it value. Recently a weekly paper published a caricature of the Government's financial and economic policy. Like all caricatures it is in some ways unkind and unfair, but it does contain an element of truth, in my opinion—anyhow in the last sentence. It runs as follows:

"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 that the industry is in need of reorganisation, fill it with refugees from Hitler's tyranny and then announce that the Government's policy is austerity. If any-

one does accidentally 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."

I must say that I have a certain amount of sympathy with the editor of that paper in what he says about "our dear old friend the necessity for increased exports." Before the war, I think I am right in saying, the export-import trade amounted to less than 20 *per cent.* of the country's wholesale business, but to hear some people talk and argue to-day you would think it amounted to something like 80 *per cent.* No reasonable person, of course, disputes the need for a certain amount of exports to obtain absolutely essential imports, but, as I think I pointed out in a former debate in this House, unless you are paying off debt—which in my opinion should usually not be incurred—it is vitally necessary to see that your exports without delay bring you back an equivalent value in imports of goods which are of even more value to the nation than the exports themselves. . . .

Then there is this question of world shortages, or alleged world shortages. No one doubts, of course, that there are terrible shortages in Europe, partly as the result of the war, and partly, I am afraid, as a result of the policy of certain of the United Nations after the war. I think, too, there is ample evidence that in some countries unaffected by the war there have been shortages due to abnormal weather conditions. But it is very important not to forget that certain big combines and also certain financial interests invent, exaggerate or even artificially manufacture shortages and in those cases we should not swallow their propaganda too readily but should try and identify and denounce the culprits.

With regard to the Government's, in my opinion, rather exaggerated fear of imports, particularly imports which increase our dollar indebtedness, I read not long ago that the Government refused to allow the import of South African fruit but I have never read anywhere that it has refused to import South African gold. Useless gold instead of useful fruit is a typical economic arrangement under so-called sound finance. Then, as I also pointed out in the debate on the American loan, under the existing financial and economic system, not only America but many other countries are practically bound to make us very considerable presents of goods which on paper may seem to give us an adverse trade balance and increase our debt, but which need not alarm us unduly. The other day the American Admiral Stanley, broadcasting in the U.S.A., said:

"It is advisable that we should supply Russia with as much as possible, even if we get neither goods nor money in return, as it will keep our factories and labour employed here."

Of course, what is true of Russia is equally true of this country. I do not think that Admiral Stanley is an economist, let alone a monetary reformer, but he saw certain obvious phenomena in the United States and he saw also the usual orthodox remedy. The cause of that shortage, as I have tried to point out on former occasions, is mainly the direct result of increasing mechanisation and also investment.

I should like to say in conclusion, if I may begin to scratch a bit once more, that on nearly all the occasions when I introduce the subject of monetary reform or attempt to diagnose the cause of some of our economic ills I am met with more or less contemptuous references to social credit, often made by those whose knowledge of finance is

so limited that they cannot recognise social credit when they hear it or refrain from recognising it when they do not. In order to clear the air a little, may I point out that there are two particular methods of creating and issuing money, known as the just price and the national dividend, which alone characterise social credit. Good as I believe those methods to be, with or without certain modifications, I have not yet recommended them in this House; neither have I ever put forward the orthodox social credit diagnosis of the cause of money shortage in normal peacetime conditions. It is, briefly, that the only money distributed by industry in a form immediately available for buying the simple things is wages, salaries, interest or profits, but the price of such goods must include many other items such as payments for raw materials, depreciation and so on.

The social credit expert argues that the smaller sum cannot buy the larger. Whether that diagnosis is correct is a highly technical question, involving such issues as the comparative rate of flow of purchasing power and prices. No social creditor [*so in Official Report*] has ever maintained that payments for raw materials do not eventually become consumer purchasing power, but they claim that during any given period they do not become consumer purchasing power fast enough to clear from the market all the goods that need to be sold during that period if a glut is to be avoided. Whether that diagnosis be true or not, one thing is certain, and that is that in the normal peacetime working of the economic system of a country like America there is a shortage due to investment and increasing mechanisation. On that point I am prepared to meet anyone in fair argument either in this House or elsewhere.

Lord Pakenham: May I interrupt the noble Lord? Would he hope to get along without investment?

The Duke of Bedford: Certainly I should not hope to get on without investment. But if you invest and consequently increase the output of goods then you must increase the output of money in order that these goods may be bought. One last point. Sometimes I have been met by the suggestion that all my views on monetary reform are absolute bunkum because they are not approved of by the orthodox economists. May I suggest that there is a reason for that. Those who are interested in maintaining the present financial system by various indirect means are pretty successful in making sure that no one gets a post which will give him a national reputation as an economist unless he is in sympathy with the present system or unless from the Socialist angle he can be trusted to keep people barking up what is, I suggest, the wrong tree—private ownership and production for profit.

Almost every economist has his own pet theory as to what is wrong with the existing system and his own remedy, and until he has seen that remedy tried without effect he will not look at anyone else's, even if the latter be much more fundamental. For example I think I am right in saying that Lord Keynes in cases where there are money shortages recommends more bank loans at a low rate of interest. Seeing that a bank loan is the creation of new money, it is a palliative, but it is not, in my opinion a proper and efficient palliative nor does it get rid of the problem of debt and the interest on debt.

Sir George Paish, to quote one other financier, attributes all our troubles to the wickedness of politicians in taking a dislike to the governments of other countries and expressing that dislike by putting up barriers against their exports.

It is, again, perfectly true that if the economic position is bad, trade barriers will make it worse. It is not true that practical politicians should never address themselves to the problem of the adjustment of the money supply to the output of goods.

Lord Pakenham: ... The noble Duke gave us a lecture on economics which fifteen years ago might have been of considerable value to this House. I have not been in touch with him over that period. It may even be that he was a reformer in advance of his time. But may I tell him that there has been a great revolution in economic science in the last fifteen years. We do not regard his speech as that of a crank or as necessarily crazy. We simply call it old-fashioned. The noble Duke must realise that the world has moved on since 1931 and the Treasury economics of that time have advanced. All parties and nearly all sections of thought in the economic world now recognise, as many of us have done for years, that in order to get the maximum amount of production you have to make sure that the requisite amount of money is forthcoming. It is a very simple proposition. It was neglected for years owing to the teaching of orthodox economists, but now it is fully recognised, and if that is what the noble Lord is telling us we thank him for a statement of what to-day is obvious. We cannot regard it as calculated in any way to alter the present policy of the Government. ...

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