

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

Vol. 16. No. 14.

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

SATURDAY, JUNE 8, 1946.

6d. Weekly.

From Week to Week

We trust that our readers noticed the statistics of the elections for the present Indian Legislative Assembly given in *Hansard* of May 6, and reported in our issue of May 25. The population of British India is given as 295 millions, and the total number of votes cast was 583,351 or one fifth of one *per cent.*, of the population. Of these probably 40 *per cent.* were Moslems, so that the Indian Congress Party, which claims to be the representative of the burning desire of India for independence, and whose only political "platform" is "Quit India", could only bring about one tenth of one *per cent.* of the population of British India to the polls to vote for it. So that the simple fact is that the whole constitution of a sub-continent, and the conditions under which four hundred millions of people (for, of course, the native States are affected) carry on their lives, are to be turned upside down, with the very real risk of civil war, as the result of an agitation which can only obtain the electoral support of one fifteenth of one *per cent.* of the persons affected.

Dr. Edith Summerskill (Mrs. Samuel) and a select party are to visit Washington for Food Talks. The report on the cooking which goes on there, as brought home by Mr. Herbert Morrison, is eminently encouraging.

OUR GRATEFUL GUESTS. "Left in the hands of this tiny minority of remittance men, local settlers, and minor routine-loving officials, the British Empire has been allowed to fall into a state of neglect and stagnant obsolescence even more critical than that of post-war (1914-1918) Britain (*sic*) where the depressed areas grew and decayed while an incompetent Tory Government sat at Westminster."—Mr. T. R. Fyvel.

Never mind, Clarence, Mr. Fyvel's friends are showing us what really ought to be done with the jolly old Empire. And how!

Mr. Emanuel (God with us) Shinwell, in the House of Commons: "I am always annoyed with Tories. At the election my policy was to clear the lot out of Durham."

Mr. Shinwell really means, of course, that he is always annoyed with Englishmen, and his policy is to clear the lot out of, not merely Durham, but anywhere they don't happen to suit the purposes of himself and his backers.

Mr. James Byrnes's inseparable adviser is Mr. Benjamin Cohen, Jr., who came here to assess the assets when war "broke out."

Mr. Henry Wallace, the U.S. Secretary (or ex-Secretary) of Commerce, appears to be one of those common men,

whose century, according to himself, this is. He can be relied upon to contribute that atmosphere of saintly self-satisfaction which induced Clemenceau, when wrestling with his prototype President Wilson, and our local (but much cleverer) variety, Lloyd George, to throw up his hands, protesting "*Mon dieu*, why must I be condemned to make a peace with two men, one of whom imagines himself to be Jesus Christ and, the other, Napoleon?"

Mr. Wallace's latest contribution to the gaiety of nations is to tell the U.S. Banking and Commerce Committee that "the British are nothing but a bunch of reactionaries."

The occasion was a recommendation by him that the loan to "Britain" should go through.

It is possible, but not probable, since we suspect that he doesn't like us, that Mr. Wallace felt that this was the highest testimonial he could award—its antithesis, "progressive", evokes a picture of "every other inch a gentleman"—but our feeling that the greatest benefit we can receive from the United States is the refusal of a loan, and the consequent wrecking of Bretton Woods, is confirmed by his advocacy.

Mr. John Strachey has been appointed Minister of Food, in place of Sir Ben Smith, who did his best. This will involve the visit of Mr. Strachey to Washington, for Food Talks.

Mr. Emanuel (God with us) Shinwell, Minister of Fuel and Power (and how!) is going to the Continent for Foo—sorry, to make the workers of the world, unite—or else.

Mr. Strachey says that all these troubles are due to bad harvests. Planned harvests, as you might say. Poor Sir Ben Smith said it was due to lack of ships, but then, how could he know? And what with lack of dollars, so that you can't buy Scotch whisky except in New York or the black market, and all this food and drink going to U.N.R.R.A. on its way to Russia, so that she can feed France and all our Socialists can have jolly meals on the Communist Continent, you really don't know what to think, do you? Planned Distribution, they call it. Or Dollar Diplomacy.

"The Government" is determined to avoid inflation. So it doubles the Wireless Licence, increases M.P.s' salaries, encourages higher railway fares, fixes prices of cheap wine at thousands *per cent.* of cost, keeps consumer goods off the market, discourages enterprise but encourages wage increases, sells abroad cheaply or gives it to Russia, and buys badly. Wonderful thing nationalising the Bank of "England", isn't it? You can do almost anything—for six months or so.

PARLIAMENT

House of Commons, May 20, 1946.

World Food Supplies

Mr. De la Bère asked the Prime Minister whether he will give time for a discussion on the Motion standing in the name of the hon. Member for Evesham, relating to International Arrangements for Allocation of Food.

[*That this House notes with grave concern the sacrifices and continued privations being inflicted upon the peoples of Great Britain in essential foodstuffs and fuel, through the allocations and distribution thereof arranged through the Combined Food Board, the European Coal Organisation and U.N.R.R.A.; is of the opinion that the sacrifices and reductions asked from this country are disproportionate, by reason of the fact that, in the figures and statistics on which the allocations are based, Great Britain is the only country producing actual facts and figures, whilst all other countries, through lack of efficient rationing and kindred organisation, only submit estimates which certainly do not minimise requirements; therefore, urges that His Majesty's Ministers and their representatives be instructed that whilst every sympathy be shown to the conditions and possible sufferings of other peoples, their paramount duty is to look after the necessities and well being of the people of this country, and that therefore they should take steps to ensure that the present sacrifices be not continued, and that no further sacrifices be made until all other countries have proved by their organisation of rationing and distribution that the figures and statistics on which the Combined Food Board, the European Coal Organisation and U.N.R.R.A. fix their allocations are as accurate in all respects as those submitted by Great Britain.*]

The Lord Privy Seal (Mr. Arthur Greenwood): I have been asked to reply. I regret that I cannot afford a special opportunity for the consideration of the hon. Member's Motion. My right hon. Friend the Prime Minister has already informed the House that the Lord President of the Council will be making a statement on the Washington talks on his return.

Mr. De la Bère: Does the right hon. Gentleman realise that the Motion relates to the allocation of food, which affects the interests of all the people of this country, and why is it that there is countless time for unnecessary theory and never time for anything for the people of this country?

Coal Industry Nationalisation Bill

Mr. Pickthorn (Cambridge University): . . . It seems to be quite clearly a matter of first-class constitutional importance that an enterprise of this sort, involving this amount of capital—it is a matter of first-class constitutional importance that the accounting of that, the relationship between those accounts and the House—whether there should be any and if so what relationship between the Comptroller and Auditor-General and the accounts—that seems to be clearly a matter of first-class constitutional importance. Secondly, I come to the question of discrimination. I do not assert that I am right here. I think a counter argument can be put up on the point of discrimination, but there seems to me a very strong argument for that view that the Bill leaves—and we could get very little advice from the Front Bench or the Attorney-General on this point—to a single authority, controlling the most important of all raw materials,

power to discriminate in regard to price, time and quality about the provision of that raw material, as between one ship and another, and between one works and another. That is my submission, although admitting the possibility that there is a counter-argument on this matter, is a question of first-class constitutional importance, and a Bill which contains a matter of that constitutional importance should not, in my submission, be passed by this House unless the Committee stage is taken upon the Floor of the House.

Thirdly, the question that seems to me to be the strongest of these incidents is the question of eligibility for public office. Here is a Bill which for the first time in history allows one single employer, who is going to employ all the persons engaged in a particular way of earning a livelihood so that no alternative may be left to them but to serve that employer, so to frame its contracts if it thought fit that not one of the men engaged by it can stand for election to any public office. There are something like one million such men I understand, and with their families they may represent one thirteenth or one fourteenth of the population of this country. Here we did with some difficulty get definite guidance from the Front Bench and from His Majesty's principal legal adviser and it was to the effect I have indicated. I submit that that is clearly a matter of first-class constitutional importance as much as would be a change in the franchise. . . .

Trade and Commerce.

Statutory Orders (Authority to Sign)

Mr. Lennox-Boyd asked the President of the Board of Trade how many officers of his Department are authorised to sign Statutory Rules and Orders on his behalf.

Colonel Crosthwaite-Eyre asked the President of the Board of Trade how many persons within his Department are authorised to sign Statutory Rules and Orders on his behalf; and what are the respective departmental ranks of these persons.

Mr. Belcher: The number of officers within the Board authorised by Statute to sign Statutory Rules and Orders on behalf of the Board of Trade is 89. These officers hold the rank of a secretary, an under-secretary or an assistant secretary. In addition, the President has granted special authorities to 14 regional and other controllers.

May 21, 1946.

Suez Canal (Defence, 1941)

Brigadier Low asked the Secretary of State for War what was the total strength of Egyptian army units employed on the defence of the Suez Canal in May and June, 1941, when there was believed to be an imminent threat of an airborne attack on the canal zone by Germany and, in particular, how many were anti-aircraft troops and how many infantry and ground artillery; and what was the number of British, including Indian and Dominion troops, stationed near the canal at that time.

Mr. Lawson: As regards the first part of the Question it would be improper to disclose the strengths of foreign Armed Forces at any given date since this is a matter for the foreign Government concerned, but as far as the second part of the Question is concerned I am taking steps to obtain such information as is available from our records and as soon as this is received I will write to the hon. and gallant Member.

Production

Sir G. Fox asked the Minister of Fuel and Power the average weekly drop in coal production since 1938; and are there any signs of any steady increase in production.

Mr. Shinwell: The average weekly output of saleable coal at coal mines in Great Britain since 1938 has been as follows:

Year.	'000 Tons.
1938	4,353
1939	4,437
1940	4,290
1941	3,957
1942	3,905
1943	3,730
1944	3,521
1945	3,350

The decline in production has been checked—output in the weeks prior to the Easter holiday was as high as the weeks before Christmas. Over the coming year, I am confident that output per man will increase, but total output also depends on the labour force in the industry. Everything therefore depends on whether it will be possible to maintain the labour force at its present level.

Government Departments

Ministry of Supply (Staff)

Mr. Erroll asked the Minister of Supply the total number of civil servants of all grades employed in his Department at the latest convenient date.

Mr. Leonard: The number of non-industrial civil servants of all grades employed in the Ministry of Supply on 1st May, 1946, was 46,173.

Board of Trade (Staff)

Mr. Erroll asked the President of the Board of Trade the total number of civil servants of all grades employed in his Department at the latest convenient date.

Mr. Belcher: The total number of staff employed in the Board of Trade on 1st April, 1946, was 23,790, comprising 14,956 non-industrial and 8,834 industrial. About 6,300 of the non-industrial and the whole of the industrial staff were transferred to the Board, between the 1st October, 1945, and 1st April, 1946, from the Ministry of Supply, from the former Ministry of Production, and Department of Overseas Trade.

Finance in the House of Commons

Following are extracts from the Debate on Finance (No. 2) Bill of 16th May, 1946:—

Mr. Alfred Edwards (Middlesbrough, East): . . . The Chancellor ought to look at the matter again, because if he insists upon the continuance of the Purchase Tax the result will be inflation, if inflation has any meaning at all. It is a definite policy of inflation. Only one Chancellor has ever given away the policy of the Treasury. The last Chancellor of the Exchequer admitted that our currency was deliberately inflated. He said that if employees insisted upon higher wages he would have to consider increasing the cost of living—those words are in Hansard—which means a deliberate policy to fix the value of money or, in other words, to inflate

the currency. When I put this to the Treasury they just smiled and said, "Is it not a good thing if inflation is controlled?"

Mr. Glenvil Hall: Surely my hon. Friend means "prevent inflation," and not "deliberately to inflate"?

Mr. Edwards: No, it was an argument in favour of controlled inflation. That is a deliberate policy of the Treasury. What I am concerned about is to get a stable price structure . . .

There is one other thing I wish to say to the Chancellor. I think he missed an opportunity, which no previous Chancellor has ever had, to abolish one of the most foolish things that ever came into industry in this country. I refer to the handicapping of the design of our motor cars and motor car engines by the foolish system of taxation. He had an opportunity which no other Chancellor has had. In this period of reconstruction, when we are building all over again, he had an opportunity to abolish that once and for all, and to leave it to the genius of our engineers to develop motor car engines, free of any of these limitations. They are now limited for all time, and I do not see how, when they begin the industry again, they can fix their plans. He has done a great disservice to the industrial community by doing that.

The right hon. Gentleman the Member for North Leeds (*Mr. Peake*) spoke of the enormous number of people kept in employment but not performing any useful service. I do not know the figures, but I do know the mentality of those who keep the Government Departments going, and I know how difficult it is to reduce staffs. It is important for hon. Members on this side to realise—as I firmly believe, and on this I risk whatever reputation I possess—that if our industrial system is to be even partly controlled by the Civil Service, we shall lose everything for which we have stood. I see no reason why it should be controlled by the Civil Service. In the Civil Aviation Bill, which we are now discussing in Committee, there are set up three companies. That is all right, but I should like to see those three companies develop themselves in their own way, get the best brains, and operate so that if those brains fail we can fire them, and put in better brains. If we are to continue the awful system that once a man is in a job he can never be fired, however inefficient, we are inviting disaster. We should do something about it. It is now the responsibility of those on this side of the House. The Civil Service bureaucracy was built up by hon. Members on the other side of the House. As it is found today it is not the work of this side of the House, it is the work of the Conservative Party. . . .

. . . We have here a definite staff to be responsible for these three companies. I can understand that, and I can understand having a Minister responsible to Parliament, for which he must have a small staff. But already there are 500 people in this new Department. That cannot be justified. It will be 1,000 before the year is out. It is inviting disaster if the silly, nonsensical system of directing industry in that way is not stopped. During the war, when we had to put up with a lot of things, we saw temporary civil servants, drawing £600 a year, telling Rolls Royce how to improve their machines. That sort of thing is absolute nonsense. A borough engineer, who probably draws up to £2,000 a year, may have some junior from Whitehall, drawing £500 or £600 a year, telling him "You cannot do this" or

(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.

SUBSCRIPTION RATES: Home and abroad, post free:
 One year 30/-; Six months 15/-; Three months 7s. 6d.
 Offices: (Business) 7, VICTORIA STREET, LIVERPOOL, 2, Telephone: Central 8509; (Editorial) 49, PRINCE ALFRED ROAD, LIVERPOOL, 15, Telephone: Sefton Park 435.

Vol. 16. No. 14.

Saturday, June 8, 1946.

Work and Power

According to the "B."B.C. (May 27, 8 a.m.) the president of the American Railwaymen's Union says "the men will spend £11,000,000 to defeat President Truman at the next election, and to "restore Democracy to America." This seems to confirm our suspicions (a) That we know what wins election. (b) That 'd'markrazi' is anything a Trades Union Labour Cartel wants, if it doesn't interfere with what, e.g., The Chemical Kartel wants.

This identification of humanity with "Labour" was carried a step further in the same "B."B.C. bulletin, which, after presenting an inconclusive election result in Czechoslovakia so as to convey the impression of a Left victory, featured the pronouncement of Captain Francis Noel Baker, who appears to be a pestilent nuisance, "that there is not room in one world for [General omitted] Franco and Labour." As we have frequently remarked, we do not hold a brief for General Franco; but as his enemies deploy, we are beginning to think that there must be a good deal to be said for him.

According to reliable pre-war figures (which are probably more informative, because less inflated, than such recent statistics as are available) the average cost to the urban United States consumer of electricity for all purposes and from all types of prime mover, measured at the consumer's meter, was 5.28 cents.; say 3d. Of this generating cost, including fuel (i.e., including labour and maintenance at power stations) was .47 cents., or say one farthing, per unit. These figures are most illuminating, because they indicate that the much heralded economy of large power stations is more than offset by heavy distribution costs. We know numbers of private plants whose total cost for power at the point of application is less than half the total figure of 3d., although sometimes—not always—more than one farthing. All of which indicates that this concentrated power station business would bear much closer inspection than it is allowed to receive.

The Prefabricated Crisis

The shadow-boxing which takes place in the House of (very) Commons on each occasion on which the next, please, industry comes up for "nationalisation" ought to convince anyone who requires convincing that the only question at stake is the terms on which the Big Shots will move over from the Board Room to the Ministry. The shareholders, the "owners" of the properties involved, can so easily be dealt with by inflation and taxation that they present practically no problem, as Professor Laski indicated when he brushed away the question of compensation for the coal mines. It must be remembered that there is nothing whatever in the policy and

actions of this "Socialist" Government which is not contained in the pronouncements of P.E.P. and the New Deal, two related organisations which were accepted as the policy makers from 1931 onwards. *with decisive Conservative majority in the House of Commons.* The whole process is what it was described in the United States as—"not a New Deal, but a Jew Steal." There is little or nothing experimental about what is being done—all the component parts of the racket have been tested separately in the railway swindles of nineteenth century Wall Street dollar-created South American "revolutions", the Russian and German inflations, by means of which the middle classes were exterminated, and the labour regulations introduced "in war, or under threat of war." There is, however the jostling in the bottle-neck which is the fatal flaw in centralisation. Whether that will explode the bottle, as well as the neck, seems to be the only practical question of the next year or so.

Data

(1) The divisions in the Labour Party tend towards a revolutionary situation, as is intended by the Organisers.

(2) The rivalries and divisions in the Conservative Party tend partly in the same, and partly in the opposite direction. We are chiefly concerned with distinguishing between the two forces and in informing and assisting those agencies able and willing to avert the descent into chaos.

(3) R. A. Butler (author of the Education Act inherited with such relish by Miss Wilkinson) is credited with more 'brains' than Anthony Eden or Harold MacMillan (of P.E.P., etc.), and with waiting for his rivals for the leadership to cancel one another out when 'the Party' has to turn to 'brains, not magic'. Mr. Eden (who brought back from Washington the conviction, "it seems that our New Order must be built through war. But it will be built just the same." is now reported to be 'shocked' as well as astonished that 'things' are developing as they are.

(4) Smuts wants to take Churchill off to South Africa for a holiday.

(5) Beaverbrook's *Sunday Express* lays the blame for the food mess on the office boys—too many, and too incompetent. Nothing is farther from its mind than high competency in organising the food mess.

(6) "Shadow Cabinet meetings have become more or less Churchill monologues." If true, the assertion is disquieting, and reinforces—and what doesn't?—the conclusion that any honest intelligence there is in politics should be directed to the social as distinct from the party political problem: the world has had enough of the dark horses.

Mr. W. H. Hand

We regret to record the death, suddenly, on May 30, of Mr. W. H. Hand, of Sydney, New South Wales, the founder and editor of *The Information Sheet*, and licensee of the title, *The Australian Social Crediter*, of which he was publisher, business manager and secretary. Mr. Hand's distinguished contribution to the cause of Social Credit, the effects of which, we are confident, will be by no means confined to Australasia, will receive more extended notice in a later issue. In a communication to the Secretariat written a week before his death, Mr. Hand refers particularly to his editor, Mr. H. A. Scoular, upon whose shoulders, we anticipate, will devolve now a heavier responsibility. We wish him well.

The State of the World*

Only a few weeks ago, there was but an occasional bare whisper in the daily Press that Russia just conceivably, in certain circumstances—if we offended her by saying so, for example—might become a threat. We were told just enough to warn us of the danger of saying more. But that phase has passed. Mr. Baruch has given the “go” signal to Mr. Churchill, and Mr. Churchill has passed it on through all the modern resources of controlled propaganda. Even the fatal words “appeasement” and “Munich” are once more becoming common currency, and with the aid of little daily doses of instruction, the Common Man is rapidly becoming an expert in foreign affairs, and soon should be able to realize that the Third World War is on the way.

In noting this development, we must emphasise that the propagandised programme for the Third World War is not by any means necessarily the version that will be followed, any more than the abridged Beveridge Plan represents the real designs of its sponsor. But just as Hitler and Beveridge and their henchmen, the boys of the “B.”B.C., kept attention directed in the wrong direction while the authorised full version of their programmes were available at a slightly higher price (in money) and a much higher price in effort, so the authentic programme for the next phase of the War is available from the pen of no less than one of the chief actors: we refer to *Problems of Leninism*, by Generalissimo Josef Stalin, now—ominously—Minister of Defence.

The Russian Government is the exponent of a fairly highly elaborated dogma derived from a philosophy known as dialectical and historical materialism. The doctrines involved in this dogma have various origins and histories, but their modern expression began with their formulation as a system by Karl Marx (Mordecai) and Frederick Engels, and their extension by Vladimir Lenin (Ulianov). The current system is generally known as Marxism-Leninism. Marxism-Leninism has, however, been further adapted by Stalin, whose pronouncements are surely authoritative.

Russia is governed through the hierarchy of the Communist Party. Party membership is absolutely conditional on a thorough grounding in Marxism-Leninism, and promotion in the hierarchy requires a high degree of “theoretical” knowledge—*i.e.*, knowledge of the theory of Marxism-Leninism. “There is one branch of science which Bolsheviks in all branches of science are in duty bound to know, and that is the Marxist-Leninist science of society, of the laws of social development, of the laws of the development of the proletarian revolution, of the laws of development of Socialist construction, and of the victory of Communism . . .” — J. Stalin: Report to the Eighteenth Congress of the C.P.S.U. (B) (1938).

To “improve the work of the Marxist-Leninist training of Party members and Party cadres,” the Central Committee of the C.P.S.U. (B) in 1938 undertook certain “major measures,” including the organisation of “one-year Courses of Instruction for our lower cadres in each regional centre”; “two-year Lenin schools for our middle cadres in various centres of the country”; “a higher school of Marxism-Leninism under the auspices of the Central Committee of the C.P.S.U. (B) with a three-year course for the training of highly qualified Party theoreticians”; and “six-month

Courses of Instruction for teachers of Marxism-Leninism in the higher educational establishments.”

The over-all policy pursued by Soviet Russia is, of course, derived from the beliefs so thoroughly inculcated.

A study of Stalin’s dicta on “theory” makes it quite clear that there has been no alteration of any description in principle. There has, certainly, been modification; modification is held by the exponents of the theory to be essential if it is to remain living. This is simply the “improvement” and “refinement” of the theory by constant “experiment,” modification in the light of practical experience. On the whole, it is held by the theoreticians that the theory is amply proved, and that world history is shaping itself exactly in accordance with the expectations derived from the theory. And so, in fact, it is.

The practical essence of the theory is that the present form and organisation of the world is derived from the Capitalist mode of production. Capitalism contains certain inherent defects, or “contradictions,” which quite inevitably lead to its decay and dissolution, to the accompaniment of economic crises and wars. The Capitalist system necessarily involves the oppression of the lower classes of the population, and consequently engenders in them a revolutionary outlook, which inevitably leads to their rising against the upper classes, and eventually establishing their own power as rulers “by hurling, step by step, one section of the bourgeoisie after another from the heights of power in order, after the attainment of power by the proletariat, to kindle the fire of revolution in every country . . .” —(Stalin: *Foundations of Leninism*).

According to Marxism-Leninism, the real social structure of the world, under Capitalism, consists of its class structure, and nation-States are quite secondary. That is to say, men are united primarily by their classes, so that to belong to the proletarian, or “toiling masses” class, over-rides considerations of nationality. The proletarian class is considered to be a world fact; the class is homogeneous, and opposed in interest and outlook throughout the world to all other classes which it will, “step by step”, hurl from power.

The picture is, therefore, that of two forces like two armies, radically opposed throughout the world. Because of the inherent defects in the Capitalist system which gives the Capitalists and their sub-classes their power, sooner or later, and somewhere or other, the proletarian force must “break through” the line of the Capitalist forces. Once this happens, the whole nature of the struggle is changed, for the victorious segment of the proletariat becomes the leader of the rest of the world-proletariat, and strategy alters accordingly.

Stalin describes the strategy of this stage, *which was reached with the October Revolution in Russia*, quite explicitly:

“Objective: to consolidate the dictatorship of the proletariat in one country, using it as a base for the overthrow of imperialism in all countries. The revolution is spreading beyond the confines of one country; the period of world revolution has commenced.

The main forces of the revolution: the dictatorship of the proletariat in one country, the revolutionary movement of the proletariat in all countries.

Main reserves: the semi-proletarian and small-peasant masses in all developed countries.

*The article is the third of a series which has appeared in *The Australian Social Crediter*.

Direction of the main blow: isolation of the petty-bourgeois democrats, isolation of the parties of the Second International, which constitute the main support of the policy of *compromise with imperialism*. [Emphasis in original].

Plan for the disposition of forces: alliance of the proletarian revolution with the liberation movement in the colonies and the dependent countries." (*Foundations of Leninism*).

"The fundamental question of revolution is power." (Lenin). In order to achieve the maximum power, it is necessary for the first country achieving the initial victory of the proletariat to organise itself in such a way as to obtain the greatest power. That is to say, it must organise itself on totalitarian lines under the direction of a General Staff under a Chief of the General Staff; it must, in short, become a fully organised army, in order to play its necessary part in the continuation of the world revolution. This is the true and only meaning of the term "dictatorship of the proletariat." Jokes about "dictatorship over the proletariat" are entirely beside the point. "Dictatorship of the proletariat" is purely and simply a technical term in the vocabulary of Marxism-Leninism, and relates to the *strategic concept of having a properly organised force available to assist revolution as it occurs elsewhere in the world*. "The revolution in the victorious country must regard itself not as a self-sufficient entity but as an aid, as a means of hastening the victory of the proletariat in other countries." (Stalin).

Similarly, the terms "petty-bourgeois democrats" and "parties of the Second International" refer to what we call "Labour" or "Labour-Socialism." The formation of such groups is regarded by the theoreticians as a natural phenomenon in the development of the world revolution. Their role is to demonstrate to the oppressed toiling masses that only revolution can succour them; and one of the first tasks of the victorious revolution must be to liquidate these "compromisers with imperialism" who have committed the crime of betraying the revolution, and who are rivals for the leadership of the proletariat. The appearance of these groups is only a demonstration of the progress of the general revolution, which, according to Lenin, would take some decades to run its course, during which the deepening crisis would be marked by depression, unemployment, and war, as well as such "petty bourgeois expedients" as Fabianism and Social Democracy. All this would have to be, however; the first country to achieve revolution could do no more than help to intensify the crisis, act as a beacon to the toiling masses, and prepare for the decisive moment by building up its own strength and organisation.

"It is not enough for revolution that the exploited and oppressed masses should understand the impossibility of living in the old way and demand changes; for the revolution it is necessary that the exploiters should not be able to live and rule in the old way. Only when the 'lower classes' do not want the old way, and when the 'upper classes' cannot carry on in the old way—only then can revolution triumph. This truth may be expressed in other words: *Revolution is impossible without a nation-wide crisis (affecting both the exploited and the exploiters)*. It follows that for revolution it is essential, first, that a majority of the workers (or at least a majority of the class conscious, thinking, politically active workers) should fully understand the necessity for revolution

and be ready to sacrifice their lives for it; secondly, that the ruling classes should be passing through a governmental crisis which would draw even the most backward masses into politics . . . weaken the government and make it possible for the revolutionaries to overthrow it rapidly." (Lenin, quoted by Stalin).

(To be continued).

"Finance in the House of Commons"—continued from page 3.

"You cannot do that." That just does not make sense. We might put up with that so far as local government is concerned, but, for goodness sake, when we are now beginning a new industry let us not fasten that system on to that industry. It is inviting disaster in connection with everything for which we on this side of the House have worked. Let me illustrate that by relating an experience.

. . . One of the biggest industrialists in this country was in charge of a Department at the Ministry of Supply. We had some discussion in this House about the staffs that were growing and growing, and we insisted that they should be reduced. I happened to be on a Committee in that connection, so I had some authority for speaking on the subject. I went into the Department to which I have just referred and this industrialist said to me, "You are just the man we want to see. I am glad you raised that subject in the House. We are going to make a clean sweep in this Department." I replied, "That is good. How many are you getting rid of?" He said, "I will give you 1,000 before lunch." I remarked, "Good, we will have another 1,000 before dinner." A month later I went back to see how the clean sweep had progressed. Only one man had been thrown out, namely, the man who was going to start the clean sweep. That was Sir William Rootes, a man who meant what he said. The Civil Service would not allow a mentality like that to work in it.

. . . In this House there is a very small minority who do not transgress. Today I have spoken primarily for the benefit of my colleagues. We on this side of the House have everything at stake. We have come into power with promises. [*Interruption.*] Oh, yes, and we have come in with plans too. I cannot recall any plans ever having been published by those on the other side of the House, though I can recall certain promises. We seem to be criticised because we are carrying out our promises, not because we made them. Those of us with industrial experience can see that the great things for which we have stood, and for which many of us have sacrificed a great deal, can be carried through. However, they will not be carried through if, at the very beginning, we make the fundamental error of putting industry into the hands of the Civil Service. If that is done it will fail.

Mr. Norman Smith (Nottingham, South): The hon. Member for Lonsdale (Sir I. Fraser) has performed what seems to me the extraordinary feat of discussing inflation without mentioning the word "debt." I believe I am right in saying that throughout this Debate no reference has been made to the existence of the present swollen and immense National Debt. . . .

If the Purchase Tax is right according to Sir Kingsley Wood's argument, a price discount would be right on my argument; and under conditions of abundance, instead of

the price being increased by Purchase Tax to 100 *plus x*, it would be reduced by price discount to 100 *minus x*. I have never seen any alternative financial proposals put forward by any economist, whether Socialist or Capitalist, which would enable production to keep pace with consumption under the conditions of abundance. . . .

The essence of the whole thing is that power should be given to the Government to have the right to create money, . . . I see the hon. Member for Devizes (Mr. Hollis) in his place. He represents the farmers of my native county; and in my little study at home there are a dozen works sacred to me, which are the only books in my library that have not been put aside after once being read. I return to them over and over again, and among these books is one by the hon. Member for Devizes, entitled, "The Breakdown of Money." It is one of the best books I have ever read. I only hope that the hon. Member may have more success in putting his ideas over to his party, than I have so far had in putting my ideas over to my party.

Mr. Hollis (Devizes): I had no intention of speaking on that topic, but the hon. Member for South Nottingham (Mr. Smith) has brought me very flatteringly into the concluding remarks of his speech. All I can say is that none of us believe that Budgets must invariably be balanced. If there is a situation where a great quantity of consumable goods could be thrown almost at once into the market, that is the situation in which new money can be created, but that is by no means the situation of the present moment. As my right hon. Friend the Member for North Leeds (Mr. Peake) says, that was something like the situation in 1931. It has been the situation at many other times, and perhaps it will be the situation again, but it is not the situation at the moment.

Mr. Cooper-Key (Hastings): . . . In this boom that is going on there is the chance that people who are not sharing in the good fortune of others are being penalised because of the increased cost of existence and of services which were never thought of when their present incomes were fixed. I refer to those hundreds and thousands of people up and down the country who are professional men, Service men and women, officials and civil servants, who are relying for their existence on pensions, annuities and fixed incomes. I have the honour to represent a constituency where there is a very large number of these people. They have done very well for the country and have served the nation well. They are a class which we should do well to encourage, and, as an insurance to our future, we should encourage people to join their ranks. Furthermore, they have a just claim for a square deal which we should meet. Scarcely a day passes without their posts containing letters demanding further cheques or further requests for money in regard to arbitrary arrangements, increasing costs of electricity, rates, coal and other commodities, to say nothing of such tyrannical impositions as 100 per cent. increase in their wireless licences. During the last 20 to 40 years successive Chancellors have engaged in a practice of clipping the coinage, with the result that these people find their income is only half of what it was before.

I referred a moment ago to the posts received by a certain class of my constituents. The envelopes in the last few days have, no doubt, contained the same franking

message as the envelopes of the letters we receive at this House—"30 years of National Savings." I believe that the national characteristic of thrift should be encouraged, but I think that if those people to whom I have referred look back 30 years they will sometimes wonder whether they were entirely wise in obeying successive exhortations from different Chancellors to save, especially if they look around and see that, had they put their money into material articles, they would have been considerably better off today. I was interested in checking the effect of 30 years' saving, to find that if a man or woman had saved £35 a year for those 30 years in the Post Office Savings' Bank, he or she today would be worth £1,500 15s. The purchasing power of that is, I think, generally accepted as considerably less than half of what it was in the early stages of their savings. I look round for other instances of what they might have bought in those days. There are many things like carpets, pictures and so on which, owing to the general inflationary trend in the last 30 years, would have enabled the buyer today to make a profit out of them. However, I take whisky, and I find, if a man had purchased £35 worth of whisky and had not drunk into his stock, it would, at the ordinary retail price today, be worth £2,210. If it were put up for auction it would be worth £6,868, which is a considerable figure. Incidentally, if that person was socially minded, he would have paid £692 as a contribution towards the Exchequer, whereas the other, I am afraid, contributed nothing.

What sort of security or comfort is this to the man or woman who is invited to face the future? Without a guarantee of the purchasing value of his or her money in the future, a career in the service of the Crown will not prove attractive to people who must be recruited for this vast new Civil Service machine which will direct our State controlled social and industrial services. . . .

I come now to another section of the community to which we should pay more regard not out of sympathy, but because I think it would pay us. I refer to those in the higher ranges of earned income. The craft and enterprise of this nation are dependent on the superior brain power, training and ability of a fortunate section of the community. The need today behind our drive for economy is for men of the £10,000 a year ability. Industry today is looking for these men be it £10,000, £15,000 or £20,000 a year ability. There should be no limit at all. I like that idea of having no limit. Let us get rid of this tendency by the highly skilled and potentially useful men of industry now spending three days of the week looking after their vegetables instead of coming up to town and continuing a full week's work, because a large proportion of the fruits of the work they do in the City is confiscated by the State to the detriment of the nation's progress and to their vegetables. . . .

We see all round us, today, instances of the falseness of our financial life. The vast subsidy towards the cost of life is most misleading. When people buy articles on which there is Purchase Tax, they do so without realising what percentage of the total cost goes in labour or tax. We find it in the case of that hop-flavoured drink known as beer. Sevenpence of every elevenpence worth of beer goes in tax, and one and elevenpence of every two and fourpenceworth of cigarettes goes in tax. We also find it in the extraordinary method which has lately been developed of selling coal dust

and stones as Derby Brights. All these things are an artificiality of financial standards.

I come now to my final suggestion. I wonder whether the time has not come to reorganise the basis of our taxation, and whether it would not be to the country's interest if a Royal Commission were formed of the industrial, labour, financial and educational interests, to consider whether some of the practices which have been so casually handed down from Chancellor to Chancellor, are the proper methods and principles of taxation today. There are the complications in our industrial life, the development of applied science, and a new relationship growing between finance and labour, which are producing entirely new problems which, I feel, should be approached from the taxation point of view in a modern, up-to-date way. I believe it would be of great service to the country if this vital need were approached as a matter of vital importance, and one which should exercise the best research brains of the country.

Mr. Stokes (Ipswich): . . . I come to the issue which I wished to raise, this fundamental one that all Chancellors seem to hedge over since the late Lord Snowden once had the audacity to get a Measure on the Statute Book some years ago which was disreputably removed by the party opposite about two years later on false grounds of economy. That is the Measure which he introduced in 1930, the comprehensive tax on land values. I do not need to read a lecture to hon. Members on this side of the House on what the taxation of land values is, or how it works. But it is not a bad idea to put on record once again what the principles are and why it is essential that something of the kind should be done, and done now.

Mr. A. Edwards: Give some detail; a lot of them have not heard about it.

Mr. Stokes: . . . Land monopoly really stands in the way of everything. . . .

. . . I hope the Chancellor will realise that other forms of taxation, however wrong and outworn they may be, were handed over to us, and that he will realise that all ordinary accepted forms of taxation supported by the party on the other side are no use at all, and that we need to stimulate the wealth of the country by bringing in a thoroughgoing system of the taxation of site values.

Mr. Marples (Wallasey): . . . As I was saying, Dr. Schacht imposed this economy on Germany. It was a siege economy, a closed economy, and the financial rates of the mark to other currency varied before the war. There were three rates. The official rate for commercial relations was 12 marks to the £; the registered mark rate, which was a special rate given to tourists to encourage them to go to Germany, was 20 to the £ to encourage people to go there and see Germany. It was called a free market in those days. There was a free market which was divorced from the official Nazi market and in the free market the marks were sold at anything from 20 to 80 or 100 marks to the £. I know personally of some Jewish refugees who walked over the border with enormous sums of marks in their physical possession and who had to give 80 or 90 of them for each pound.

Now the mental attitude of the Swiss towards those regulations was that one of two things would happen: the

first one would be inflation of the mark; the second that there would be a war. It is within the recollection of the House, and of the hon. Member for Ipswich too, that there was a war. The Swiss people at that time had a phrase about the mark which particularly stayed in my mind. It was this: *Der mark stinkt*. I would say that the word *stinkt* does not mean in German what it means in English. After the war, in 1946, I went to Switzerland to try to get some exports and I found the reaction of the Swiss to England at the moment from a personal point of view was that they were emotionally in sympathy with this country; they were grateful for this country having, as they think, and as I think, saved Switzerland from Germany. They were kindness itself, and there was an enormous amount of hospitality which I thoroughly enjoyed, but, from the business point of view, their mental attitude compared the £ in 1946 with the mark in 1939. Now this comparison was not to the same extent, and I would be deceiving the House if I said it was, but nevertheless the same tendency was there to think that the £ was to be inflated. They are not interested in acquiring sterling because they think it will be reduced in value.

They also think that when Bretton Woods comes into operation and this country goes from a closed economy to a free economy, the inflation of the pound will find its level internationally which will not redound to the credit of this country. They think that prices will rise and, before I left at Easter, they told me that prices are certain to rise in this country. I was sorry to see that motor cars are now rising in price, new motor-cars, not secondhand cars, and utility clothes have also risen since I returned from Switzerland at Easter. To that extent, their views have been borne out. It is harder to convince a Swiss business man that the £ will not be inflated, than to get the right hon. Gentleman the Minister of Health to join the Tory Party, or to get him to build houses.

When I left Switzerland by air I met quite a number of English people at the Air Port who had no Swiss francs left. An English person going to Switzerland is allowed £75 worth of Swiss francs, and when he has spent that, it is the end of his holiday. The night before he catches the plane, he and the other passengers get together and decide how to spend their remaining money. Brandy is only 25s. a bottle, and port about 7s. a bottle, so naturally they spend all they have and they arrive at the airport, but have no Swiss francs left. Most of them carry excess baggage but have no Swiss money with which to pay for the transport of this baggage, and it is necessary for them to endeavour to change a pound into Swiss francs through bankers or hotel porters. This makes a free market in pounds in 1946 and the Swiss people are using exactly the same phrase about the £ in the Swiss market and they did about the mark in 1939 and they say, *Der pound stinkt*.

Mr. Follick (Loughborough): *Das Pfund stinkt*.

Mr. Marples: It is apparent there are fewer Germans on this side of the House than on that. Hon. Members opposite know their own language.

Mr. Medland (Plymouth, Drake): There are more Fascists on that side.