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FOR POLITICAL AND ECONOMIC REALISM

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From Week to Week

BEELZEBUB'S BRETHREN CALLING: THEME SONG:
"Shall we restrict the Consumer's Choice?"—*The Snoopers*,
June 12.

It will be observed that the people of these islands have become a proprietary article, and "we" will give them what is good for us. That's d'markrazi, that was.

The primary purpose for which Mr. Attlee's Administration was put into power was, and is, to trim the Constitution of these islands, and such outside interests as it may seem expedient to leave under its nominal control, so that it will offer the minimum difficulty to the Wall St.-German-American-Jew Empire now in course of formation in New York. This is so obvious that we should not refer to it afresh, but that it affords an opportunity to identify the traitors who live amongst us. Of course bribes to the electorate of a pathetically temporary nature are bound to form part of the policy.

Broadly speaking, no individual who is "honoured" by the contemporary Financier-Socialist Government, or is appointed to a post of any considerable value by it, is serving the British people directly. To the secondary extent that, after everyone else has been served, if anything is left over, the half-witted English and Scottish can have it, this statement can be qualified. And it is also true that a Decoration cannot be kept at its face value without inducing an occasional acceptance by persons of passable, or at any rate public, respectability. With this reservation, it is to be hoped that the growing body of "citizens" who feel sure that they can make the best of all worlds will be noted for future attention. We have for some time past been convinced that the "British" (but not the contemporary British) political practice of ignoring the legislation of yesterday and the acts and rewards of yesterday's politicians and their protégés, can only have two explanations. (Remember, it is quite modern—not more than a century old). The first, which we believe to be the true explanation, is that there is a continuous government which is merely "presented" to an indifferent and drugged public by Messrs. Box & Cox. And the second, which may be ancillary, is that the mental and spiritual deterioration of the country has proceeded to lengths much greater than has been apprehended. We notice that this is the opinion held by Mr. Aubrey Jones in an interesting, but not, we think, unexceptionable article in the current *Nineteenth Century and After*.

There is no sounder clue to a criminal than the answer to the query, *Quis beneficii?* We do not believe that the great majority of those who are doing nicely, if temporarily, out of the distribution of stolen goods, tangible or intangible, are unconscious agents. They may disclaim responsibility

tacitly if not vocally for any hand in policy. It won't do: and the first step to a healthier country is to make it evident that it won't do.

Dear Sir Hartley Shawcross, whom we all find so attractive, says he hasn't had butter or margarine for years, and stands in queues, just like the Middle Classes. In this case, he would appear to have no use for the very handsome salary and tax-free expenses which he draws, and we might suggest that it be scaled down to somewhere near the level of the Middle Classes he has so much at heart. But perhaps the Bright Idea is to reassure him that calculated inflation which will rob the Middle Class, will not touch him.

Of course, the cry for greater production is pure hypocrisy—it's the last thing the Planners want. Everyone knows that, as a Church Youth Movement Report points out, boys and young men entering large engineering works are trained to waste time, to criticise the bosses ceaselessly, and to "scrounge", i.e. steal. Just so long as the population, or a majority of it, can be passed through the factory gates, it can be dramatised for election purposes as "the workers." That's all that matters; and if you don't know that the Planners are just as much instigators of Labour sabotage and restriction as they are of calculated inflation and wasted production, then the elements of the situation have eluded you.

A century ago, the statement being "plugged" so vigorously by the Central Information Office, that "everything depends on coal" might have had some truth in it. It is not true now, and we intend to expose the fallacy.

The "B".B.C., which now broadcasts P.E.P. Bulletins in a form which suggests to the general public that they are Government publications, is evidently acting as the sniping post for the discomfited New Dealers in the . . . States—in very much the same way that a British Socialist-Planner weekly publicised Mr. Henry Wallace so far as possible to annoy the Republican majority in Washington. The Chairman of the "B".B.C. is now Lord (Manchester) Simon, and the Vice-Chairman, STELLA, Marchioness of Reading, (Mrs. Isaacs).

It is fairly obvious that the Planners and their broadcasting organisations are doing everything in their power to create a slump on the North American Continent—the "plugging" of the idea that one is inevitable being part of the strategy.

The contrast between the abounding prosperity of the "capitalist" countries and the uniform degradation of Planned Economy everywhere, and in "Britain" notably, cannot be concealed—in fact, is not concealed now, and is the most

damaging factor in the Planners' strategic position. A slump of the magnitude of that of 1929, *unaccompanied by a recognition that it would be a sign of prosperity*, would hand the world situation over to the Communists on a plate; and the Planners are working to provide the plate.

Of course, the key to the situation is the National Dividend, as it always has been. "Full Employment" is a conditional, revocable National Dole to retain control of the individual and to waste his time. That it is completely dishonest and demoralising, and is at this moment achieving the ruin of the country matters nothing—in fact, to the real Planners, it is an added recommendation. The position therefore seems to be that one section of the Administration is working tooth and nail to place us helplessly in the power of Wall St., while a second group does everything possible to antagonise Washington. This is known as Planned Statesmanship.

Mr. Ernest Bevin is going to spend a few days in France for Food Talks. Really, we can't blame him—civilised food is doubtless combined with a respite from the conversation of Sir Stafford Cripps and Sir Hartley Shawcross.

A primary economy producing staple, uniform products such as grain, timber or processed cheese of uniform quality, or the lack of it, is clearly less vulnerable to the ruinous effects of Socialist Monopoly than is a highly developed, differentiated civilisation such as that of Great Britain in the nineteenth century. It is therefore instructive, if appalling, to see the speed with which the characteristics of New Zealand are being reproduced in these islands. As we have previously suggested, New Zealand is naturally one of the highly favoured places of the earth—a splendid climate, a population, both indigenous and imported, second to none and superior to most, ample natural resources. But New Zealand is slowly dying of suffocation. Its railway system is worse by far than that of a South American Republic. Its population of European stock has an excess of emigration over immigration and its emigrants are the most virile part of its people; its social life is drab and deteriorating in the face of as kind and sociable a society as ever existed. The ties of race and sentiment with once-Great Britain are greater than those of any other Dominion; but it is a mathematical certainty that absorption into the Wall St. Empire is a certainty unless the iron grip of Finance-Socialism, represented by Nash and Fraser, can be broken, and that right soon.

Our contemporary, *London Tidings*, with which we find ourselves greatly in sympathy despite its change of direction, comments effectively on the relative industrial potential of pre-war Great Britain and pre-war Russia in the words "In two years of war Great Britain had made for herself an armaments industry beyond the power of the Russian technicians to achieve in quarter of a century of peace." Anyone with experience of industry knows that it is a culture—it is not improvised in war-time. What we need to know is the location of the mysterious power which can wreck that culture at the outbreak of "peace."

"Students came out with no firm basis of creed. They had not any principle from which they could diagnose what their behaviour should be. The general attitude of the

young man was to adopt a rather thoughtless and optimistic belief in Progress, based on a worn-out theory of evolution." —Sir. W. Hamilton Fyfe, Principal and Vice-Chancellor, Aberdeen University.

A Start?

Mr. Frank Bowles, M.P., writes to *The Times* of June 14:—

"Sir,—In 1946 we exported nearly 4,000,000 proof gallons of whisky to dollar countries at a ruling wholesale export price of 5s. a bottle. The expected increase of United Kingdom whisky exports to the United States and other hard currency areas during the next 12 months, as compared with 1946, is 2,400,000 proof gallons (*Hansard*, June 4). The total is nearly 6,400,000 proof gallons, or, at six bottles a proof gallon, 38,400,000 bottles. If we charged 25s., which is less than the price in this country, instead of the present 5s. a bottle we should get five times as many dollars—that is \$192,000,000. In discussion with friends, I am asked whether the Americans would buy it at this price. I do not know; but I do know that \$7 to \$9 is the common price the consumer pays in the United States, and if we sell only half we shall get two and a half times as many dollars and have twice as much whisky for home consumption. I hope to develop the argument more fully on my new clause to the Finance Bill. Yours faithfully,"

FRANK BOWLES.

Mr. Benjamin Cohen

"Speaking at Long Beach, California, Mr. Benjamin Cohen, a State Department Counsellor, said Europe might require up to £6,000,000,000 in outside assistance during the next four years to prevent starvation and check the danger of dictatorships. Mr. Cohen, who is one of Mr. Marshall's leading advisers, made it plain that he thought Britain should share in whatever aid programmes were worked out to help Europe as a whole."—*The Manchester Guardian*, June 13, 1947.

Just like Conquered Germany.

N.U.T.S.

Lord Balfour of Burleigh has made the suggestion that the Transport Commission will "call itself the National United Transport Service, because I think the initials would not only look extremely well on the engines but would provide a one-word epitome of what I think of this Bill."

"HOUSEWIVES TODAY"

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PARLIAMENT

House of Commons: June 9, 1947.

Calorie Intake

Mr. William Shepherd asked the Minister of Food the average calorie intake per person per day for the year 1946, including all consumption of food whether at home or outside.

Mr. Strachey: Between 2,880 and 2,890.

Mr. Shepherd: Is the Minister able to say how these figures support the oft-repeated boast that we are better off than before the war?

Mr. Strachey: I do not know to which boast the hon. Member refers. What I have said repeatedly is that, on the way we calculate the calorie intake—that is, *per capita* of the population—it is 6 per cent. less than before the war. I have added that there is now a far better distribution of foodstuffs, which means that the poorer section of the people are undoubtedly better fed.

Mr. Quintin Hogg: Can the right hon. Gentleman tell us how those figures compare with the estimates of a certain calculation given in another place the other day?

Mr. Strachey: Naturally, they are the same. [*Interruption*] Yes. The figure was given as 2,880, and the actual calculation comes out at 2,887, to be exact.

Mr. Shurmer: Is my right hon. Friend aware that, obviously, the housewives of this country must think that they are fed well, hence the falling flat of the great demonstration which took place in Trafalgar Square?

Lieut.-Colonel Elliot: Surely, it is a question of the food coming into the country, as against the total number of persons, and not in any way the individual intake of the consumers, which is what matters?

Mr. Strachey: As I understand the point put by the right hon. and gallant Gentleman it is that certain individual consumers are obviously consuming less and certain others are consuming more. The figure I have given is an average, and that must be true of any average figure.

Lieut.-Colonel Elliot: But the fact is that these high figures are given for the total intake, which, of course, takes into account every single thing brought into the country, whether eaten or not. Will the right hon. Gentleman look into the matter again? Will he agree that the result of his own dietary survey has been to show an intake of nothing like that, but a very much smaller intake?

Mr. Strachey: I could not possibly agree with any of those statements. Of course, the figure is calculated on the total amount of food available, and the most careful allowances are made for wastage in distribution and other factors of that sort, and use for other than food consumption. That is always most carefully taken into account, and it is an average figure, and, of course, it must be true of any average figure that certain individuals were above that figure and certain other individuals below it. That is the only qualification.

Lieut.-Colonel Elliot: Does not the Minister agree that the figure of 2,900 is very much higher than the figure of 2,300, which he gave as the result of the dietary survey?

Mr. Strachey: I agree that 2,900 is a higher figure than 2,300. That is undoubtedly true, but the 2,300, of course,

leaves out certain things, such as foodstuffs distributed to catering establishments, canteens and the like.

Agriculture Bill

[THIRD READING]

Mr. Lennox-Boyd (Mid-Bedford): ... We did not oppose this Bill on Second Reading, and we do not propose to do so today, because the main part of Part I of the Bill is to continue in peacetime the policy of the right hon. Member for Southport (Mr. R. S. Hudson) of guaranteed prices and guaranteed markets and annual and special reviews....

Lieut.-Colonel Geoffrey Clifton-Brown (Bury St. Edmunds): I would like to bring to the notice of the Minister a complaint he made against me the other day to the effect that I was complaining about the "Big Stick." We have talked a lot about what we think is lacking under Part I, and I feel we have a right to say something about the rules and regulations that appear later in the Bill. The Minister said that I was complaining about controls and regulations and nationalisation. I agree that a stick is a good thing to a certain extent. A prodding stick with which to push on the lazy and the laggard in the industry is to the good of everybody and to the good of the industry, and will not do the good farmer the slightest harm; but we do not want to see that stick becoming a sort of prodding interfering stick, with its statistical requirements and its tremendous number of snoopers going around. I would remind the Minister that in a hive of bees drones are bred. They do not breed to anything like a large extent in a good active hive, but the moment that hive begins to fall off a great many more drones are bred. The result is that the worker bees die off. During the winter the honey runs out, the drone then fails to get the one object of his life, and the whole colony dies. We need to remember, in relation to the multiplicity of forms, statistics, snoopers and other drones which have come into the agricultural industry, that a certain number are healthy, but that an excess will lead to the death of the hive. That is a matter we need to keep very much in mind...

In Clauses 99 and 100 we find, as I said the other day, that the Minister has listened to and taken notice of the people in his Department who are the pest officers. I am afraid that these officers are not skilled in their job. If they were they would never have made suggestions to the Minister for all this poisoning of animals and birds. I hope the Minister will think again on that point and decide that it is not really necessary. None of us wants to see crops destroyed by any animal or bird, but that can be avoided if skilled men are asked how to do the job so as to get rid of the animal or bird concerned. It should not be done by throwing around the countryside poison which will do much more harm to our natural bird and animal life than anything we have heard of for a long time.

I wish to speak about the agricultural committees. Every time we have asked about the subject the Minister himself has told us that the whole Bill depends upon these committees. We agree. We must have the best blood in the committees. I ask the Minister to compare present day circumstances with what was happening two years ago. There are good men on committees now, but they are saying, "It is not the same as it was during the war. Now we

(continued on page 6.)

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Saturday, June 28, 1947.

Up from the Ground

A sentence in Major Douglas's address to the Constitutional Research Association last month ran: "It ought to be clear to any unprejudiced individual that a majority is *always* wrong in its *reasons* for a given situation, and cannot, therefore, possibly be right in its remedies, although a homogeneous, native-born majority is often instinctively right in its judgement of the *nature* of a situation."

The qualifications here are as important as the central argument. A majority constituted of persons of diverse origins is inevitably composed of persons who entertain different policies, and the conception of community of policy is inseparable from useful consideration of diagnosis of evils. Instinctive reaction is of very long growth, and in important matters derives its authority from the character (culture) of a people. Look for individuals who have 'character', familiar or foreign, and you will find active political instinct. The mongrel is characterless—and only the mongrel.

We raise the point because it is being asserted that an important element in the majority which was manipulated at the last election 'sees through' what is going on and is anxious to find its feet. It cannot do so unaided, for reasons connected with the first part of Major Douglas's statement. The symptom is probably more noticeable in the North than in the South, although it is obviously unfair to discriminate radically in such a matter. We are speaking of members of the so-called 'working class': those concerned in the reports which have reached us are, eminently, trades unionists, and their eyes are on their leaders; but their attention necessarily ranges farther afield. A Minister who lately expected to rouse enthusiasm by promising them the immediate arrival of the Welfare State met with cold indifference in place of glowing applause and was promptly told: "We don't want it." It may be true that, whether they want it or not, those concerned may have to "take it"; but the incident promises a better ending.

Some success, we are told, has attended efforts to assist those who are minded to escape from their predicament by arranging informal discussions with them, and (we won't say where), the movement is growing. The basis is not nominally political, although politics is, obviously, very close to the thoughts of both sides—real politics. The ground for meeting is, however, purely cultural, and covers, broadly, biology and history. The ascendancy of *ersatz* in both these fields should not prejudice them, though it may justly concentrate attention on the prime importance of adequacy, both personal and philosophical, in the guidance offered. This is an instance of building from the ground up, and is the only *constructive* effort which seems to be possible at the present time. It may be very important.

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Responsible

We have previously remarked on the use made by 'responsible' newspapers in this country (e.g., *The Times*) of the adjective 'irresponsible'. Under the heading "The Dam Bursts in France", *The Economist*, as we conceive it, acts entirely in the tradition in distinguishing between the Confederation National du Travail, whose leaders are pressing for a restoration to 'the workers' of their 1939 purchasing power, and the Communists, on the ground that the attitude of the former is "uncompromising (and irresponsible)" (*Economist*, June 21). Having, in *The Economist's* opinion, graduated from their previously 'irresponsible' condition, and sharing 'responsibility' with 'responsible' newspapers, to whom are the Communists responsible?

The Postal Service

The following is from the *Dundee Courier* of June 12:—

Sir,—About six months ago, you were kind enough to publish a letter from me calling attention to the curtailment of postal deliveries by which, from August 24, 1946, the afternoon delivery in the provinces on Saturdays was withdrawn. The explanation given by the Assistant Postmaster-General in a Parliamentary answer to me (*Hansard* 30/10/46) was that the change was made "in order to afford as many delivery-postmen as possible a free afternoon on Saturday."

The curtailment thus achieved for Saturdays is to be extended to every day. An announcement was made by the Postmaster-General in the Lords (*Hansard*, April 1, 1947) that after a certain date, there would be only two daily deliveries in extra-metropolitan districts; there would be no delivery after mid-day until the next day at 8 to 9-15 a.m. This curtailment, it was explained, was occasioned by the cuts in manpower.

It seems difficult to reconcile this explanation with the fact that, while on July 1, 1945, there were 67,157 postmen—permanent and temporary—engaged in the collection and delivery of postal packets. On May 1, 1947, this number had grown to 82,125.

Criticisms made by the Bridgeman Committee on the Post Office in 1932 have increasing force today. I quote some of these criticisms, with a note in brackets, on present developments.

1. It condemned a system "which regarded the Post Office as a revenue-producing instrument, impeding its primary function, which is the service of the public." (The nett surplus of income over expenditure earned by the Post Office during 1946 was stated to be £36,191,000—*Hansard*, 5/2/47—column 1751—which would be handed over to the Treasury.)

2. It commented on the attitude amongst certain sections of the staff, showing indifference instead of a desire to help the public, and "the absence of the commercial outlook necessary for the efficient conduct of what, at any rate to a large extent, should be a business concern." It said further that "the Post Office must realise that it should satisfy its customers that it is giving proper attention and a reasonable return for their money."

3. Special criticism was directed to the defects of the telephone service (on April 30, 1947, there were 390,104 applications for telephones outstanding in England, Scotland and Wales—*Hansard* 21/5/47—column 2312)—I am yours &c.,

E. GRAHAM-LITTLE.

House of Commons, June 10, 1947.

An Introduction to Social Credit*

By BRYAN W. MONAHAN.

Part IV.—METAPHYSICS

(2)

The philosophy of which Social Credit is the policy is indicated in the statement "Social Credit is practical Christianity."

We can usefully distinguish in this context two aspects of Christianity. There is the aspect which gives rise to Christian theology; and the aspect which embodies certain ethical and metaphysical values. It is with the latter that Social Credit is specially concerned.

Civilisation might be defined as the incarnation of ethical and metaphysical values in the institutions of society. Now C. S. Lewis, in his *Abolition of Man*, has pointed out that the values embodied in the great religions are not several, but one coherent system. He uses the Chinese word Tao to denote this system. Aldous Huxley (*The Perennial Philosophy*) and Lin Yutang (*The Wisdom of China and India*) have compiled anthologies from the scriptures of different religious systems which demonstrate this truth very clearly.

Social Credit is the practical endeavour to transform the institutions of society in such a way that the transcendental values of the Tao may find incarnation in them.

A further generalisation of the lessons of the scriptures of the great religions is that such an incarnation is dependent on the individual, and is manifested through individual initiative. The very purpose of Social Credit as a system is to free individual initiative by placing the benefits of association directly at the service of individual initiative. The objective of Social Credit is to enable the individual to achieve the maximum differentiation possible.

In earlier times this objective to some extent implied the renunciation of certain material values, at least for the majority, because it implied a renunciation of the whole-time business of getting a living on anything but a relatively low standard. With the rise of modern power-production the necessity for this renunciation has diminished progressively until now, as we have seen, there is a material basis for an absolutely unprecedented freedom of individual initiative for an increasing majority of men.

On the other hand, it cannot be denied that such a freedom, coming suddenly, would in all probability prove disastrous. The possibility of such a freedom is conditioned not only by material facts, but by the adequate incarnation of metaphysical values. For Europe—for Western Civilisation—those values are embodied in Christianity. In Europe, Christianity is a prerequisite for Social Credit. And equally Social Credit is a necessity for Christianity. Social Credit is the policy necessary in the circumstances resulting from modern industrial productivity. To put the matter in a more general way, the specific character of Social Credit is the result of the specific character of the modern world; but the metaphysical pre-suppositions of Social Credit are those

of the Tao. Just as Christianity is a specific differentiation of the Tao on the theological plane, so Social Credit technique is a specific differentiation on the material plane.

The Tao is the transcendental Good. But there is also the transcendental Evil, with the same possibilities of incarnation. Evil is the system of false values—false, because their incarnation leads to practical evil. Or, Evil is the denial of spiritual values; but such denial is, of course, a judgment on the metaphysical plane. The practical outcome of that judgment—its incarnation—is the emphasis on Materialism.

The specific character of the contemporary world, more particularly on the material plane, is to a large extent determined by this materialism. The particular transformation of the world of the recent past into the world of the present is chiefly the outcome of practical Materialism, more particularly of Technology which has its origin in modern Science. That science, as we have seen, excluded all considerations except those of a material order—a perfectly legitimate procedure so long as the exclusion was not of a metaphysical character, so long as it did not involve a metaphysical judgment. But such a judgment was increasingly made, and the making of the judgment, being of a metaphysical order—the denial of spiritual values—resulted in metaphysical consequences. To the extent that the modern world incarnates metaphysical Materialism, it incarnates Evil. It is not surprising that hitherto agnostic observers have been increasingly impressed with the reality of Evil, with a consequent deduction of the existence of transcendental Good (*cf.* C. E. M. Joad: *God and Evil*).

This character of the contemporary world inevitably involves a change in the application of Social Credit policy. The world is retreating from Christianity, and correspondingly Social Credit strategy is retreating from the most highly differentiated form of that policy. It is retreating from specific technique, back to considerations of a more purely political character based on the dichotomy of Good and Evil.

The retreat of the world from Christian civilisation is going back to an incident in the life of Christ. Metaphysical values have personal exponents to be effective in this world: the conflict of values finds its expression in the conflict of men. Christ found it necessary to drive the money-changers from the Temple, and that is precisely the contemporary necessity; it is also the immediate aspect of Social Credit policy.

Those who are interested can derive an immense insight into the immediate and metaphysical character of the present situation from the modern fairy-tale, *That Hideous Strength*, by C. S. Lewis. Mr. Lewis symbolises the contemporary conflict in its metaphysical and its concrete-personal phases. It is significant that he links his exponents of modern scientific materialism with that earlier group which encompassed the crucifixion of Christ.

The ultimate meaning of Social Credit, then, is inseparably connected with the ultimate meaning of the conflict of Good and Evil. It derives from metaphysical Reality, and issues in the effective policies of this world. Social Credit is a special case of that more general Credit, that Faith, which is "the substance of things hoped for, the evidence of things not seen."

(Concluded).

*Now appearing in *The Australian Social Crediter*. The commencement of Dr. Monahan's essay, publication of which has been interrupted, appeared in *The Social Crediter* on January 25.

PARLIAMENT*(continued from page 3)*

have to refer almost everything to Whitehall." If that is said now, it is a terribly bad start. I ask the Minister whether in the next few months he cannot alter the circumstances so that the men will say, "We are now able to give more decisions than ever we did during the war." If that is done, the first-class man on all sides of the industry will be represented on the committees. If it is not done, the standard of the committees must deteriorate and the second-rate chaps will be called upon to serve. Then, as the Minister says himself, this Bill will be very difficult to run.

FOOD SUPPLIES**Catering Establishments (Racial Discrimination)**

Mr. Driberg asked the Minister of Food what action he is taking by withholding of permits or otherwise, against hotels and other catering establishments, such as the Burlington, Cliftonville, Margate, which attempt to discriminate against prospective customers on racial grounds.

Mr. Strachey: I am sure that we all abominate such racial discrimination as that practised by the Burlington Hotel, Cliftonville, Margate. I am advised that the powers entrusted to me by way of the withholding of permits and by other action, could be, and should be used if it is shown that such racial discrimination is sufficiently widespread in any area to jeopardise the equitable distribution of foodstuffs. I am examining the situation in Margate in this respect.

I.C.I. House (Electricity Charges)

Mr. Allighan asked the Minister of Works if he is aware that before he took over I.C.I. House, the charges for electricity averaged 1.448d. per unit, but under the new contract with Central London Electricity Limited, he has been paying an average price of 2.229d. per unit; and if he will explain this increased charge.

Mr. Key: Yes. The prices paid for electricity at I.C.I. House since it was taken over for Government use are at the best terms on offer to new consumers in the area served by this Company. Owing to increased costs, the Company felt unable to apply to new agreements, or to the renewal of existing agreements, the favourable maximum demand tariff which operated in the I.C.I. agreement.

United Nations (Human Rights Commission)

Mr. Beswick asked the Secretary of State for Foreign Affairs if the draft of any British document to be submitted to the Human Rights Commission will be first published in this country for the discussion and approval of the British people.

Mr. McNeil: A United Kingdom draft International Bill of Human Rights has been prepared and will be presented to the Drafting Committee of the United Nations Commission on Human Rights, meeting in New York today. I consider it desirable that this preliminary draft, which is of a very tentative nature, should come under public discussion and it has, therefore, been issued as a non-Parliamentary publication.

House of Commons: June 11, 1947.

Finance Bill [COMMITTEE]

CLAUSE 49.—(*Charge of duty on bonus issues of securities, etc.*)

Mr. Assheton: ... if bonus shares are so wicked, why does he not stop them altogether? What is the good of saying, "They are wicked things, but I am going to let them go on and tax them at 10 per cent.?" If they are as wrong as all that, put an end to them. If they are right, let them go on and let them be encouraged. We all know, as a matter of fact, what is the real reason behind the Chancellor's proposals. It is that he is trying to create prejudice. I said that on a previous occasion, and I say it again. He wants to see companies with a small nominal capital declaring a very high dividend so that he and his friends can draw the conclusion that an unreasonable rate of profit is being earned...

Mr. Pitman: ... the real point we are discussing at the moment is surely the general principle of this particular Clause of this Bill. This kink—this puerile kink—in the Chancellor's mind about bonus issues is one of treble history. He can't have it both ways. He was Professor of Commerce at the London School of Economics, and this was the subject which he professed, and either he knows that he is extremely puerile and stupid on this issue, or there is on this issue, as the right hon. Member for the City of London (*Mr. Assheton*) pointed out, pure prejudice and absolute nonsense. Let me give the history of this kink. In this respect, first, we have the question of refund on the E.P.T. The Chancellor's avowed purpose was that the money paid back by the Inland Revenue to the company should be employed in the business. The whole purpose of having something from a distributable balance in your balance sheet and putting it higher up on the liability side into the capital structure of the company is in order that you can in no circumstance distribute it without going to the court. It is a most difficult thing to distribute that money once you have turned it into capital. Here we have the Chancellor of the Exchequer putting a provision into the Finance Bill which shows clearly that he completely misconceives the whole story. The next thing we had was the Borrowing Bill. We are discussing on this Bill tonight bonus issues. Really, the extent to which the Chancellor has shifted his ground and changed his story is astonishing. Finally, we get this Bill tonight which is seeking to tax bonus issues...

Mr. Eccles: The Chancellor at the end of his remarks expressed his surprise at the strength of the opposition from this side of the Committee to this particular tax... The Chancellor must know that there is no corner of informed business which is not against it. There is not a city editor of any daily newspaper or of any weekly who has not come out against this tax absolutely full and square... The companies which have been cited as having sinned in this way with bonus shares—and I took the name of each as it was mentioned—are as follows: B.E.T., Woolworth, Imperial Tobacco, Marks and Spencer, Carreras and Courtaulds. It would be hard to select six more famous or flourishing companies in this kingdom... There are two kinds of bonus issues—first what the Chancellor calls the free bonus, where a share is given and no cash is paid. That operation he says is quite unnecessary. He can only say that because he is looking at it at the moment it is made; the point is that if

there had been no prospect of such financing. it is most unlikely that the profits would have been retained in the company and the reserves made up out of what a free issue was afterwards made. Do we, or do we not, want profits to be put back into business? We all do. It is one of the obviously desirable things to do. As I said on an earlier Clause of the Bill, inducements are better than penalties, and if we want profits to be put back into companies we must make it worth while for shareholders to go without dividends for a certain time. That is, indeed, what happens.

The Chancellor of the Exchequer told us his really strong argument against free bonuses was that they deceive people. I can believe that in the distant past they have deceived people. But they have deceived people because the level of understanding among the workers, particularly of the financial structure of private industry, has been low, and we are responsible for that on this side of the Committee.

Mr. Gallacher: We know what is going on all right.

Mr. Eccles: We have not shown the workpeople of this country nearly as carefully as we should have done how the economic and financial processes of industry work, and it is high time we did. But if we are not able to explain to the workers that the true rate of dividend, the one that is of real interest to any instructed person, is that which is earned and paid on the amount of capital employed in the business and not on the nominal capital, then all I can say is that we shall never explain to them the various inter-related parts of our economic system, and if we do not do that management, capital and labour will never co-operate sufficiently to get increased production.

Mr. Gallacher: Will the hon. Member excuse me?

Mr. Eccles: No, I want to finish. This is a very serious matter, because this tax on bonus shares is an attempt to perpetuate ignorance. For political purposes an attempt is being made to trade upon the ignorance of one side of business about the other. I fully admit the responsibility of this side of the Committee for this ignorance. But both sides of the Committee have to cure it now, or the country will not get out of its difficulties. Another form of bonus share is that in which some money is subscribed, and the shares are issued at a lower price than the market price, and issued to share-holders for the purpose of financing development. The Chancellor was really quite wrong on this when he said this was not a good way to finance business. Consider the mining companies... This tax is, to business, a clear sign that the Labour Government do not want the private sector of industry to flourish. That is why there is opposition, not merely on these benches but throughout industry. I hope I shall not weary the Committee if I tell them of an experience of my own. I was a director of a railway company in Spain when King Alfonso XIII was turned out, and when the Spanish Republic came in I had to deal with the Spanish Minister of Finance and the Minister of Public Works, who were the Republican Ministers of the new regime. We had great difficulty with our railway company. So did the other railways in Spain, because wages were put up by decree and the tariffs were not allowed to be raised. We also needed some money to complete a branch line. I went to these Spanish Ministers and said, "If you do not let us get this new money, we shall not be able to complete this job. If you do not let us put up the railway fares we shall 'go broke.'" They replied "We, as Socialist Ministers, desire to see your company 'go broke'

in order that we may take it over for nothing." That very much entered into my mind and I never forgot it. Now this tax is going to injure the system of private enterprise, under which such a large proportion of our production is carried on, and this morning I remember what happened to me in Madrid in 1931 and I ask myself whether this is going to happen again here. It would be a disaster for the country at a time when it is quite clear that we ought to get together and produce all we can with our national resources.

There is no intellectual justification for this tax whatever. What is going to result is that either a company will pay money to the Treasury which ought to be spent on machinery, or to make other improvements, or to increase wages, or alternatively, the company will not accumulate profits out of which it could have made a bonus issue. It will distribute the profits in dividends which would be of little use to industry. There is no benefit to efficiency or employment in industry through this tax. So far as I see it, industry will be restricted and injured by every operation that is conducted under it.

... Question put, "That the Clause, as amended, stand part of the Bill."

The Committee divided: Ayes, 144; Noes, 59.

House of Lords: June 19, 1947.

Transport Bill [COMMITTEE]

The Marquess of Salisbury: It is with very considerable diffidence that I intervene in this debate at all, because I cannot pretend to be an expert on docks, which is something that apparently every noble Lord who has spoken so far is... the Government are up against the difficulty they are always up against when it comes to a question of nationalisation. They are always swaying between two motives. They are afflicted by a sort of schizophrenia which I am told is an extremely dangerous complaint and nearly always incurable. They cannot make up their minds whether the motive for their action is to be efficiency, or merely doctrinaire considerations.

I think it is true to say that in politics there is nothing so dangerous as making a moral principle of something which has no moral principle at all. If we go back about forty years we can see that that is what happened to Tariff Reform and Free Trade in this country. The Tariff Reformers and Free Traders made it a question of moral principle. It was not a moral principle at all: it was a question of practical expediency, as we found out after suffering the consequences for many years. The same thing may happen on this question of public or private control. I am sceptical, naturally, holding the views I hold, of public centralised control. The noble Viscount and other Lords opposite are sceptical of private local control. But for both of us the real test must be efficiency, and that must be based on the experience of the past... The present management has proved to be efficient. The reason was given by Lord Rotherwick—because it is locally autonomous. That is the universal view of the great experts who came down to speak to your Lordships to-night. It is their view that it is fatal to try and put such an organisation as this, which is diverse in character, in various parts of the country, into the straitjacket of centralised control. The noble Viscount Lord Addison, shakes his head. The noble Viscount said in his speech that no Government in their senses would do

that... The noble Viscount can have read only the title, because the preamble says that the purpose of the Bill is to set up in Great Britain a publicly owned system of inland transport and of port facilities. That is doing away with the existing system.

Viscount Addison: Not where a public trust is concerned—that is not privately owned.

The Marquess of Salisbury: At present these trusts are local autonomous trusts, and the object of this Bill is to put all these activities of inland transport, whether they be by land or by water, under the control of a centralised Commission. That is the whole purpose of this Government scheme.

We do urge most strongly on the Government, in no controversial spirit, that the purpose of our Amendment is to preserve what is both efficient and one of the glories of our country. Why is it that the ports have succeeded? One of the main reasons is that throughout there has been a healthy competition between them. There has been a competition between Glasgow and the Clyde and Liverpool, and competition between Liverpool and Southampton, and this competition has kept the various ports up to the mark. The management and the workers and all the people concerned are proud of their own concern and keyed up to beat the other port. The Government scheme will do away with that entirely. They think they have smoothed it out into a neat scheme of co-ordinated control, but all they will do is to take out all the spirit which makes the ports what they are.

The noble Viscount asked what should be done about the small ports. I should not have thought it was beyond the wit of man to deal with small ports. I should have thought it was possible to produce a system of joint trusts. I should have thought that these joint trusts over ports in a certain locality would be a far more live and living concern than central control under the Commission. I do urge the Government not to be carried away too much by doctrinaire considerations. We shall divide on this—we must divide on this—but I do hope that after the Division has taken place the Government will consider the matter further, and will not hand over control from those who have proved they know their job to those who are untried and who cannot know it so well. This is a big issue. It is an issue which involves whether we are going gradually to centralize more and more or whether we leave alive in this country an institution which has succeeded and is succeeding. If the noble Lords say—as they do say constantly—that efficiency is their test, then let them prove it by allowing the existing dock system to continue.

Viscount Addison: I have only this to say. I have seldom heard a case more misrepresented than this has been in this debate. There is no proposal here to hand this over to any stereotyped, central system. Powers are taken to make the most varied kind of arrangements which sensible men may devise after consulting those on the spot. All I have to say is that if the noble Lords wish to eviscerate the Bill in this way, they will do it; but they must accept the responsibility for doing it.

The Marquess of Salisbury: The noble Viscount the Leader of the House cannot have it both ways. What he is saying in effect, is: We are making no alteration by this

provision. Then, why do they put it in the Bill?

Viscount Addison: You are proposing a fundamental alteration. You are compelling the Government to adopt one single stereotyped system, and we refuse.

On Question, Whether the proposed sub-section be there inserted?

Their Lordships divided: Contents, 62; Not-Contents, 18.

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