

# THE SOCIAL CREDITOR

## FOR POLITICAL AND ECONOMIC REALISM

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### From Week to Week

We have frequently referred to the curious fascination which mere size appears to exercise on the collectivist mind—a fascination which appears to be inversely proportional to practical knowledge of the matter in hand. Few subjects have evoked more unadulterated nonsense than the Russian collectivist farms, often, but not so often nowadays, put forward as an example of 'Progress' and modern methods. An effective comment on this is provided by the June *Monthly Report* of the Northern Ireland Ministry of Agriculture.

The highest gross output per acre is shown by the smaller farms, working out as follows:

Up to 30 acres	... ..	£21	3	4
30-50 acres	... ..	£19	13	4
50-100 acres	... ..	£18	5	6
Over 100 acres	... ..	£16	10	0

The profit per acre:

Up to 30 acres	... ..	£7	1	2
30-50 acres	... ..	£4	9	6
50-100 acres	... ..	£4	5	11
Over 100 acres	... ..	£3	6	10

These figures are based on the accounts of 219 Ulster farms.

Generally speaking, size as such is in any undertaking not a premise, but a resultant. The dominant factor in present politics is the smallest particle of which we have any knowledge—the atom, and we appear to be unable to control that.

In the discussion in Committee of the Northern Ireland Bill, on June 27 (transcribed from *Hansard* in our issue of July 12), the Home Secretary, Mr. Chuter Ede, said: "One of the commonplaces of an Opposition, no matter to what party they belong, is to denounce what the Government propose to do as being unconstitutional. In this country that is a pretty safe charge to make, because we have no written constitution except for the *Parliament Act*, and the constitution is very much what one thinks it is..." (Our emphasis).

We wonder whether our readers have considered the implications of the claims of Professor Laski and apparently Mr. Chuter Ede, to operate under no rules whatever, which is the only sane meaning which can be attached to a constitution which is "very much what one thinks it is." For those who have not, we recommend the consideration of the following quotation from *The Decline of Liberalism in Ideology* by Dr. J. H. Hallowell, Assistant Professor of Political Economy, Duke University, North Carolina:

"Quantitative thinking triumphed. But there was no assurance that the will of the majority, popular or legislative,

would always be right or just, unless the determination of rightness or justice was thought to be simply a matter of counting heads. What happened was that rightness and justice were abandoned as criteria of law; procedure and the manner of enactment, rather than the content of law, were substituted as criteria of law."

The book is brilliantly reviewed under the title *The Nemesis of Liberalism* in the *Tablet* of July 12, by Fr. Andrew Beck, A.A.

The distinguishing title of the telephone Exchange which serves the district of Old Jewry, London, E.C.2, is "MONARCH."

The events of the past two years having proved conclusively that the English and Scots are half-witted, the myth that the British Empire was a slave Empire in which cringing natives driven by whips wielded by a brutal and licentious soldiery to grind out untold wealth for a wealthy aristocracy, the idle rich, is to be dropped and only the h.w. English and Scots are to be put to forced labour on cut rations while other countries get the proceeds. Anyone who was possessed of normal intelligence would have seen that the process was being tried out on the German and Italian "prisoners of war," and, the principle once established, it would be extended indefinitely. Having nationalised this and that, why in the name of ordinary intelligence, stop at nationalising human life?

### U.S. Atomic Energy Commissioners

The only scientist on the United States Atomic Energy Commission, recorded *Science Illustrated* (April, 1947), is ROBERT BACKER—"He put the A-Bomb Together."

"He grew up in Ann Arbor, Michigan, where his father was an investment banker and his mother assistant dean of University Women."

The Chairman of the Commission is DAVID LILIENTHAL, of the Tennessee Valley Authority, who has been associated with Mr. Bernard Baruch.

The other members of the Commission are LEWIS STRAUSS, who had been rear-admiral, staff-assistant to the Chief of the Bureau of Ordnance, and before that a *Wall Street Banker*.

"SUMNER PIKE, also a banker, was a millionaire, a boss of electric utilities, an expert in transportation and a member of the Securities Exchange Commission."

"W. W. WAYMADE, editor and citizen statesman from Des Moines, was a veteran of the Federal Reserve System, the War Labor Board, and various special projects in the departments of State and Agriculture."

The emphasis throughout is ours—just to make it clearer.

## PARLIAMENT

House of Commons: July 7, 1947.

### Imported New Carrots (Orders)

*Sir William Darling* asked the Minister of Food if he is aware that the Import of New Carrots (with Foliage attached) Order has caused inconvenience; whether he has decided to adhere to the instructions that the length of foliage attached to new carrots may not be more than five inches, 12.5 cms., nor less than three inches, 7.5 cms.; and if he is prepared to receive representations from the public and the trade.

*Mr. T. Williams*: I have been asked to reply. The arrangement applied to this season's carrots only and terminated on 31st May.

*Sir W. Darling*: Can the right hon. Gentleman say if the same termination applies to the other seven Orders on carrots, which I hold in my hand, or only to this particular Order?

*Mr. Williams*: I cannot answer that question without notice.

*Sir W. Darling*: There are only 11 Orders in all, and I am holding seven of them.

*Mr. Williams*: The hon. Gentleman says that he is holding seven Orders in his hand, but I do not know to what the Orders relate...

### Economic Planning Board (Functions and Membership)

*The Lord President of the Council (Mr. Herbert Morrison)*: With your permission, Mr. Speaker, I propose to make a statement about the functions and membership of the Economic Planning Board. The primary task of this body will be to advise His Majesty's Government on the best use of our economic resources, both for the realisation of a long-term plan and for remedial measures against our immediate difficulties.

The Chairman of the Board is Sir Edwin Plowden, the Chief Planning Officer, although I may on occasion take the chair myself. The other members are:

- Sir William Coates—Nominated by the Federation of British Industries and the British Employers' Confederation.
- Sir Graham Cunningham—Nominated by the F.B.I.-B.E.C.
- Mr. A. Naesmith—Nominated by the Trades' Union Congress.
- Mr. W. R. Verdon Smith—Nominated by the F.B.I.-B.E.C.
- Mr. J. Tanner—Nominated by the T.U.C.
- Mr. H. V. Tewson—Nominated by the T.U.C.
- Sir John Woods—Permanent Secretary to the Board of Trade.
- Sir Godfrey Ince—Permanent Secretary to the Ministry of Labour and National Service.
- Sir Archibald Rowlands—Permanent Secretary to the Ministry of Supply.
- Mr. A. S. Le Maître—Central Economic Planning Staff.
- Mr. H. T. Weeks—Central Economic Planning Staff.
- Mr. F. W. Smith—Central Economic Planning Staff.
- Mr. R. L. Hall—Director of Economic Section, Cabinet Office.

The industrial members of the Board, representing as they do both employers and workers, bring to the problems of planning wide practical experience and knowledge, while the Permanent Secretaries represent the three Departments chiefly responsible for dealing with problems of trade and industry. Very close co-operation and consultation between Government and industry will, therefore, be possible. These

(Continued on page 7)

## Significant Events in France

Writing in *Human Events*, June 11, 1947, Bertrand de Jouvenel, a distinguished French journalist who has specialised in the field of political philosophy, relates:

"Significant events have taken place in France, recently. Enraged chiefly by the dearth of bread, but also by the inadequacy of supplies, the population has, in several towns, invaded the seat of authority, the prefecture or under-prefecture, demanding bread, breaking furniture, making bonfires of files used for the control of distribution. Such was the temper of the crowd that the prefect of the Nièvre was held by the Government to deserve the Legion of Honour for standing up to the rioters; while the prefect at Lyons let himself be marched off to the radio station where he had to announce on the air that he rescinded a former decision relating to bread.

"Certainly one should not draw an over-coloured picture of such incidents, unattended by any serious violence. But the historian cannot fail to liken them to similar events closely preceding the fall of the monarchy at the end of the Eighteenth Century. Let me remind American readers that the government of France is strongly centralised, with local government mainly exercised by an administrator known as the prefect, to whom under-prefects in each department are responsible. The prefecture, or under-prefecture, is thus the local seat of central authority, to an extent for which American government has no parallel.

"Just prior to the French Revolution, as now, 'affameurs!' (starvers) was the popular cry. Then, as now, the representative of the central government (the *intendant*, father of the prefect of today) was taken to task by the crowd. Then, as now, the 'papers' were burnt, as a symbol of liberation from distant administrative rule.

"If not the King, the King's government was held responsible. It was rumoured that there was a 'conspiracy to starve the people,' a potent psychological factor in the ensuing Revolution. Now practically the same mutterings can be heard: 'They want to starve us!'"

M. de Jouvenel describes this as a revolt of the People against the People, because, he says, the people voted for what they revolt against. We should say that in fact, the mob was manipulated into voting for something, the implications of which were quite unknown to all but a tiny minority of place-seekers and students of reality. It is the translation of these implications into hard facts which has produced the revolt. M. de Jouvenel appears to believe that the deception of the public has been achieved accidentally, by the abstract notions of idealists, whereas the truth is that the idealists have been subsidised to propagate their notions:

## THE BRIEF FOR THE PROSECUTION

By C. H. DOUGLAS.

PRICE: 8/6 (Postage extra).

From K.R.P. PUBLICATIONS LIMITED.

platforms and money have always been provided for anyone, the more sincere the better, who would propagate notions which attacked 'private' profit, and concentrated profit and power in the hands of central government. What M. de Jouvenel calls "fallacious education" we call deliberate propaganda. But his analysis of the effect could hardly be bettered:

"I submit, with all due respect, that this is fallacious education, that sketchy and rash generalisations are substituted for facts. Not only is the knowledge provided inadequate, but it is misleading: the reader gets the impression that social problems are simple and susceptible of simple medication. Nobody believes anatomy can be taught from a doodle drawing of a man with four sticks representing limbs. Yet getting a political education from primers is substantially that.

"Primers take as their theme the widest possible subjects. Because they are wide, they have to be treated in sweeping terms: all the details are disregarded: all the living truth is left out. Such so-called education leads the people to hold strong opinions on matters that they have not grasped. Ignorance becomes complacent.

"The further away one gets from the individual, the more one deals in millions, the more free one is from the complexities of life and nature, the more contentedly and freely one can move in an unresisting world of pure inadequate notions.

"Our great moralist Alain holds that the process of thought, unchecked by continuous contact with reality and a daily effort to get positive results, creates a dream-world. Verbal mythology, he says, is the source of all madness; and labour against the concrete, the source of all true knowledge.

"It follows that political education is not provided by the statement of wide issues in grossly over-simplified terms. Wisdom comes with the opportunity given to every member of the sovereign to put his opinions on how things should be done into practice, and by the ensuing adaptation of his opinions to reality. The answer to the problem is old; it is local self-government. So much self-government and so local that no one is debarred from being a magistrate; on such a minute scale that everyone realizes his rulings are going to apply to himself.

"If France is the home of abstract general ideas in politics, it is doubtless because there has been little self-government, and what there has been was lost long ago. If England on the other hand was long blessed with a remarkable sense of political reality, it was because there was much self-government. Germany has not always been politically mad: it went mad with the centralisation of government.

"A world government would of course be the ideal agent for the most sweeping measures, and the least adapted to actual living men. This is not said in criticism of the idea of world government, but as an over-due warning that representative government cannot endure unless John Doe the ruler begins to learn from Joe Doe the ruled."

(From THE AUSTRALIAN SOCIAL CREDITER.)

## Trade Unions and the Public

TO THE EDITOR OF *THE SOCIAL CREDITER*

Sir,—

"*L'appetit vient en mangeant*"; the successful effort of the Union of Post Office Workers to force the public to accept a restriction of deliveries of postal packages during peacetime even more stringent than during the war, was criticised by you recently. At a meeting of the Sutton Trade Chamber (*Epsom/Sutton Herald*, July 4, 1947) a resolution from the Union of Shop Distributive and Allied Workers asking for rejection of the Gowers Committee was considered. The Chamber declared its "agreement that the hours of closing should not be any more than they are at the present moment which is round about 5-30 to 6 p.m." The Chairman is reported to have made the following pronouncement thereupon:—"The shopping public during the war got used to behaving themselves properly so that the shop assistants should have a fair chance of leisure that they are quite used to shopping in the necessary hours. It is all very well to say that we are there to serve the public. We certainly are *but we are not there to pamper the public.*" (The italics are mine).

The deterioration in postal services was the subject of debate in the House of Commons (June 6 and July 7) and very general dissatisfaction with the present position was expressed from all parts of the House. It was stated in debate and not contradicted that "many letters posted in London take longer to be delivered in the suburbs than in New York or Johannesburg."

It has recently been urged by a Socialist medical organisation that a five-day week for doctors should be introduced when the N.H.S. Act comes into operation. Ten years trial of a forty-hour week for doctors has resulted in New Zealand in "steady demoralisation of the medical profession and a position in which the public find it extremely difficult to secure medical attention after 6 p.m. or during the week-end.

I am etc.,

E. GRAHAM-LITTLE.

*House of Commons, July 14, 1947.*

## Progress

"My memory does not go back to the days when the penny post was introduced, but it does go back to the early part of this century. I was then living in a provincial town, Plymouth, and we were getting an incomparably better service there than we are getting in London today. I think, perhaps, we were getting too good a service. We had five deliveries, the latest between 9 and 10 at night. We had a 7-30 p.m. collection—what we do not have in London—so that letters could be delivered in London and elsewhere by the first post on the following morning, and a midnight collection so that our letters could get all over Devon and Cornwall the next morning. I do not think the Postmaster-General realises the inconvenience imposed on the public by the withdrawal of the 6-30 p.m. collection. The Post Office does not exist entirely for business men, but also for personal correspondents. The average man does not get home in time to answer his letters before 6-30 p.m., and unless he does so they will not be delivered the next day..." —MR. WILSON HARRIS, M.P. for Cambridge University, in *the Debate on the Post Office on July 2, 1947.*

## THE SOCIAL CREDITER

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### The Main Thesis

(Advice given to a correspondent overseas)

Go back, I suggest, to *Economic Democracy* and wring (if you can) every ounce of meaning out of the first four chapters; and get that paragraph which defines the *primary requisite* by heart. Rivet your attention upon the fact that the monetary system is a *mechanism*, which as is shown, *might* be used towards that requisite. Then look around you. Within twenty odd years of the writing of that book every device proposed to that end has been besmirched and befouled: price compensation has been financed through taxation; in place of freedom through the dividend, there is servitude through the dole.

Long ago it became clear that those in control of this mechanism had no intention of making the necessary adjustments: you must have heard how one of them, a Wall Street Jew, to whom Douglas himself had shown the position, made no attempt to counter what was said, merely remarking "So what?" or words to that effect. Since then we have attempted to *show what*. First politics, which is or should be the means to dislodge those in control. But no sooner had we made substantial advance—and we did that—than Hey presto! the transformation scene, WAR: and through war, in and after war, came the development of alternative forms of control. For by our first efforts we had weakened the hypnotism connected with *money*, and secondly we had made dents in the present debased political system. So look around you again. What stage have you reached in your part of the world? We have got to bread tickets.

Douglas saw that coming long ago. With those in control using every filthy device to prevent the proper adjustment of the money mechanism; with the basis of politics undermined and "democracy" become a farce; with direct control over each man's food, his clothes, his housing, transport, occupation,—the list is endless: in face of all this, what next? The *Brief for the Prosecution* is the answer, and the only possible answer.

Having survived, and let us hope appreciated this savage scenery, let me invite your contemplation of a later still, and still subsidiary stage: the 'LIGHT HORSE'\*. For in that is a seed, and it may be that in you is fertile ground in which it may grow. Anticipating your comments on this, you are advised to remember that if you cannot, as it were, digest the acorn, you never could digest the oak.

The main thesis is, therefore, *exposure and resistance*,

\*See *The Social Crediter*, March 16, 1946 and earlier numbers.

which is exposure in action; whether such resistance is personal, political or organisational. The centre of gravity of control must first be shifted, before any realistic adjustments of the machine can be made.

If you cannot *agree* with this, the best course is to give it up and grow vegetables; a most useful occupation and one sadly neglected.

If you cannot understand it, or to confirm a growing understanding, study *The Social Crediter* in the attempt to grasp how each *note* and article bears on the policy as sketched—by and large—above. H.E.

### In Italy

A correspondent writes from Italy:

"There is quite a different feeling here. Here, as in Switzerland, the shops are stacked with goods of all description. Even in the market... there were bales of cloth for sale. I saw in Como yesterday in a small shop various hams and joints and a price list of eleven different kinds of cheese, including Gorgonzola and Bel Paese. The men's shops have suits and suitings of every kind. Eggs are for open sale just under fourpence each, our money—I expect for 'natives' they are expensive."

### A Revolt in Portugal

After an exile of 14 years in Brazil, King John V of Portugal returned in 1821 to a Portugal which was "like a plant into which a new sap—the sap of nineteenth century ideas—had been injected at the top (that is to say, among the educated and professional classes) but in whose roots and trunk the old eighteenth century sap was still vital." The newly-elected Cortes was as futile and corrupt as the Spanish Popular Front of 1936. The King had sworn fidelity to the new Constitution, and to the last the King remained loyal to his oath. It was the *common people*, in revolt against liberal doctrinaires, who filled the streets of Lisbon asking for the *Rey Absolute*, for the repudiation, that is, of the Constitution in favour of an absolute monarch. Of course, the movement was instigated in high quarters, by Queen Carlota, who was as vindictive as she was obtuse to the crying need for reform, but the movement was essentially popular, and the last convert was the good old King, who was heard to mutter again and again: "Since you all wish it, my dears, and since the nation wishes it too; well, then, long live the Absolute King!"

"... The half century of Portuguese history, which is so brilliantly reconstructed by Mr. Cheke exemplifies what happens 'when an attempt is made to transplant alien political institutions (in this case the institutions based upon the Liberal principles of the French Revolution) into a country of ancient tradition unprepared to receive them, and inhabited by a people to whose national temperament they may be entirely unsuited. Only if the above truth is grasped is it possible to explain the progress which the existing Government of General Carmona and Dr. Salazar has been able to achieve in the introduction of wide reforms through traditional Portuguese channels of paternal government.'"

—ARNOLD LUNN reviewing MARCUS CHEKE'S *Carlota Joaquina, Queen of Portugal* (Sidgwick & Jackson; 15/-) in *The Tablet*, July 5, 1947.

## "The Little Less"

By E. C. BUTTERWORTH

The incidence of ideas, scientific and political, is a fascinating study to which relatively little attention has been given and the book under discussion in this brief review suggests that the study of the rate of acceptance of ideas once formulated, is equally neglected.

This little book *The Little Less* is I think an important book and, it may be, a very important work, for reasons which I hope will be clearer at a later stage.

The author A. S. J. BASTER sub-titles his work *An Essay in the Political Economy of Restrictionism* and this very aptly describes the scope of what the author himself, in an engaging preface, states is, in form, "deliberately that of an essay in understatement."

A reviewer may therefore be pardoned for looking behind the understatements to find if any deeper reasons and feelings can be winnowed from the chaff. And here let it be said that there is very little chaff in a book well, even brilliantly, written.

If it has a fault it is that it is a little overburdened with that pert defensive irony which has always been associated in my mind with the economics lecturer (Cambridge for choice) who can be supremely wise after the event and comment wittily and irresponsibly on economic catastrophe.

But in fairness, Mr. Baster is anything but irresponsible and his overt and very laudible purpose is that since the book's "essential lesson is not, that a knowledge of political economy will make men better, but that ignorance of it may cost them dear" then "the cure lies obviously in still more careful and painstaking attempts to build up an informed and watchful public opinion."

Mr. Baster's attempt falls naturally into two parts: first five lively, almost racy, chapters on Producing Less, Growing Less, Working Less, Transporting Less and Trading Less; and following this *The Politics of Restrictionism* and a longer treatment of *The Political Economy of Freedom*.

In the first part, the five aspects of the same thing are covered very adequately and though admittedly condensed the treatment contains all the now familiar elements and some new ones. Though it is difficult to quote with justice, one or two items at random will show the style and flavour of the treatment. For example the overworked coffee case is introduced as follows.

"The principles of the prewar system certainly seem at first sight to have originated from a discovery of the fact that production is economically ruinous to producers. Only on some such hypothesis is it possible to explain why Governments and organised producers applied themselves with such energy and ingenuity to discouraging and thwarting what obviously seemed to them the rather shady and disreputable business of increasing what used to be called the wealth of nations... But in very many cases Government was called in at the eleventh hour to deal with a catastrophe provoked by the bounty of Nature joined with the irresponsibility of Man and too far gone for any but the sternest measures. In Brazil where some interesting experiments with such measures were made, heaps of coffee were soaked in petrol and set alight." (Quoting J. W. F. ROWE: *Markets and Men*, Cambridge 1936, p. 22.)

The use of the word interesting is noteworthy but, even in the midst of such cool detached academic historicity I confess I find the word not so much interesting as positively alarming.

But I think there is no doubt that Mr. Baster sees the point,

"The results of these efforts on the prices of the commodities affected revealed a further economic harmony which must have been most gratifying to the protagonists of this policy. They rose...

"Higher prices, as the British Chancellor of the Exchequer pointed out, would make business more profitable, and business would expand and so relieve unemployment.

"...To uncharitable critics this singular line of argument appears to prove that the proper means of producing an expansion of industry is to contract it."

And so on through all the five chapters; and after a careful re-reading, I don't think he has missed a single instance known to me, from National Shipbuilders' Security Ltd., to the payment of Standard Oil with forty million mouth organs, and he includes some joyous instances of tariff discrimination.

It is all here and all treated with wit and irony so that even the least interested will read and learn at least something. All? Well, not quite all, and this singular omission demands our attention even more in the second half of the book where the author abandons his disinterested irony and not only lays down certain desirable objectives but also outlines a scheme designed to be helpful in preventing restrictionism.

First, then, the omission. Nowhere throughout the whole book is there a single reference to anyone having the least savour of unorthodoxy, not even to the fact that 'restrictionism' was the subject of much more than detached comment by doubtless warm-hearted but perhaps not so cool-headed enthusiasts (to use terms in which the author might be expected to indulge)!

It seems that poverty in plenty is too dangerous a topic even for defensive irony.

Mr. Baster notes in his preface that a hint of astringency may crop up here and there in his treatment. He cannot then complain if an equal astringency informs parts of this review.

Either Mr. Baster knows about the very vocal, and, I submit, well-informed opponents of restrictionism or he doesn't.

If he does, then his pointed omission of any reference smacks of more than a little calculated disingenuousness.

If he does not then his qualifications for presenting the book as a "careful and painstaking attempt to build up an INFORMED public opinion" are somewhat suspect.

Information, when part of it is omitted, becomes propaganda.

The fact that he quotes adverse comment on restrictionism from a score of orthodox academic writers suggests that a build up to save the face of orthodoxy may be in process.

Lest such an idea may sound too fantastic let us consider what we know of the last twenty-five years.

An 'unorthodox' thinker twenty-seven years ago PREDICTED in PRECISE terms the very situation so engagingly pictured for us, and he was not alone for long. First a large

body, curiously, almost entirely, of 'unorthodox' and unprofessional thinkers supported the thesis, to be joined later by a few with more renowned reputations. The movement was extremely vocal, its case was definite and its opposition to restrictionism was forthright and unambiguous. Moreover it received considerable publicity not only for its championing of an alleged cure for this apparently incurable malady but also by reason of resounding political successes. It is difficult to escape the conclusion that any competent summarizer of the economic literature of the period must be acquainted with the host of personalities and the views they sponsored.

This omission is still more prominent in the second half of the book where the author's hopes and ideas parallel closely those now so completely identified with Social Credit. Not by any means, fortunately, that all these are peculiar to us: but it is not unusual to refer kindly to those who march alongside. His point of view may be and probably is somewhat different but there is a striking similarity in the conclusions drawn.

A few quotations will serve to illustrate this:

"The particular blind spot of the interventionist mentality during the interwar period was not only its failure to appreciate the economic losses of restrictionism but also its inability to see the threat to the continuance of political freedom which Government interventions on the massive scale of that period implied." (p. 111).

"... the tendency of Western thought, at least has been to frame them (the rules of conduct for men living in society) against a philosophical background of the respect which is due to the individual personality from other individuals and from the State..." (p. 113).

"The task [of the State] can be conveniently described in a concise and appropriately provocative form of words—that the primary if not the sole economic function of the State is to maintain the free market." (p. 118. Italics in the original).

It could be shown that the conception of the free market is quite compatible with, nay, is quite impossible without, the technique and philosophy of Social Credit but such a demonstration is outside the scope of this review.

It is Mr. Baster's principle submission that the basis of a good economic system is the free market and he devotes considerable space to the desirable qualities and possible limitations of the free market, under such conditions as are likely to be met—the effect of monopoly groups, inequality of education and so forth. But in his view, and there is no doubt that in this at least we can agree with him, the free market (for labour, production, and distribution) is the basis of any system of personal economic freedom, and individual freedom of choice is the *modus operandi*.

The obvious question arises, what are the chances of attaining and keeping the free market and here the whole matter of the economic system is considered. Diverging quite widely as it does from the more complete and more penetrating analysis with which we are familiar, it is not in essentials opposed to it. It is in the treatment rather than the details that the interest lies.

Consider the following, relating to the "Money Supply" (p. 135.):

"One of the most awkward consequences of the crude nineteenth-century version of economic freedom was the

freedom permitted to banks to create money... At first this meant in practice that banks printed their own notes, ... Moreover his [the banker's] influence still remained even after the banks had been deprived of their right of note issue, since cheques drawn against credits which banks can 'create' by a simple process of book-keeping, took the place of notes."

Well, here we have it: the fallacious nonsense about money creation has now become a 'simple process'. What we can ask Mr. Baster in fairness is why he does not enlarge on just why and when the 'simple process' was overtly admitted and allowed to be slipped in as if it had always and everywhere been a commonplace.

We would supplement the author's plea and suggest "a FULLY informed public opinion" as still more imperative.

The difficulty of ensuring a sufficient aggregate supply of money to keep the wheels of industry turning is seen to be the real kernel of the economic problem.

It is admitted that there is no difficulty in reducing the supply and bringing the recalcitrant producer to heel by the familiar Cunliffe technique; but this is crude and difficult to control. It is still more difficult to increase the supply (in circulation understood) since Public Works are much too slow.

It is recognised that "with a given supply of money it is of course impossible for all firms to ensure their own solvency at the same time" (Readers may remember Keynes's dictum that "in a closed credit area an all round profit to industry is impossible." Export or die?).

The "given supply" requires considerable amplification and the "of course" is not without significance.

"And to prevent this [unemployment] the Government must be prepared... with payments to 'make up' earnings whenever they fall below a reasonable minimum."

"The creation of a reliable and adequate money supply is the business of the Government. The banks should be effectively prevented from manufacturing money of their own by a legal obligation to keep £1 for £1 reserve against demand deposits."

Again there is a singular absence of any reference to the famous protagonist of this view.

It is however recognised quite clearly that something "more" is needed at intervals and there follows a description of a 'pump priming' scheme, of which several examples are mentioned. The essence of the scheme is the creation of a Stabilisation Pool, financed by creation of new money by the Government to buy (at somewhat below cost) any selected commodity when the price falls. The producer can buy again when demand arises, in fact producer credit on insurance or mortgage lines.

But this is not really the important aspect which is the general slant and the details of the treatment.

With most of the author's general sentiments we can agree. We find fault mainly, and it is a serious fault, with a certain lack of generosity towards the large group of 'unorthodox' workers to whom economics and politics owe so much.

It is now possible to see where the importance of this book lies. It is not the only one of its kind, and a similar 'modern' treatment is becoming more common, sometimes with a bias towards Planning and sometimes, as here, with a

leaning towards Freedom and Individual Initiative.

Its importance is that it represents a norm, a synthesis, along permissible, strictly economic lines, from ideas which have been current in 'other circles' for twenty or more years. It indicates that out of a welter of economic ideas there is crystallizing (or being allowed) out an opinion which is tending towards the solution advocated in these columns, *viz.*, the necessary and continued injection of newly created purchasing power at the correct point of the economic cycle. The point of injection is where a difference of opinion arises and where we can leave it for the moment.

There is no suggestion that politics and more particularly centrally inspired world politics may control the economic system for some unknown end. Instead there is the idea of pressure groups using every artifice to get a larger slice of cake and no glimmer that the size of the cake itself may be generally limited as a matter of policy. The larger question of whose policy and the fact that internationally the political controls the economic, since monetary control is largely outmoded as an instrument of government; these more important matters are not traversed at all.

To put it briefly, under the statements we detect that orthodox opinion has now almost caught up on the 'unorthodox' reformer in the narrow field of monetary technique and can now support its case entirely from irreproachable 'sources' so there is no necessity to refer to the reformers at all, which is no doubt a relief.

## Parliament

(Continued from page two.)

arrangements are, of course, in addition to and not instead of the arrangements for close consultation already maintained between industry and individual Departments. There may, however, be matters lying outside the field of experience of the industrial members on which other interested organisations will have a contribution to make, and it may be appropriate at a later date to hold conferences on particular economic questions with the organisations best able to advise and assist us in such cases... As was made clear at the time by my right hon. and learned Friend the President of the Board of Trade or my right hon. Friend the Prime Minister—I forget which—the functions of the Board are, to take part in the shaping of the planning schemes and to advise the Government. The Board is not finally responsible; the Government must be finally responsible.

House of Commons: July 10, 1947.

### Indian Independence Bill (Second Reading)

Mr. Pickthorn (Cambridge University): ... I am only trying to make plain that it seems to me that doubts ought to be expressed at this stage, and I hang that on the peg of the Prime Minister's remarks about the inadequacy of the time because that, after all, has been within his control and that of his right hon. Friends. They have done all sorts of things, taking much time, which nobody can pretend were of any great urgency either to world affairs or to our own economic needs, in this House during the last two years, and now that so little time should be available for this Bill, I think rather a constitutional outrage. It may be that even the time now allotted is more than the House is going to use,

but even then there should have been opportunity for almost unlimited debate upon a Bill of this sort...

I hope the House will agree with me in what seems to me an elementary proposition—that the duty of Government includes the duty, indeed the first duty of Government, is, to protect. It is the only unforgivable thing in a Government that it does not protect; and secondly it is a part of that principle that a Government should not surrender its exercise of that function without being clear in its own mind to whom it is surrendering it, that it is surrendering it to an authority capable of exercising it and an authority attracting the maximum of consent, and an authority involving the minimum of danger to minorities to what I might call the natural clients, so to speak, of the abdicating or resigning Government. I hope that I carry the House with me in that fair and proper principle. If that is a fair and proper principle, then I say that, even if it be certain that this Bill is the best thing that can possibly be done at this date, it ought not to pass this House with so little explanation as we have had, and I cannot find it easy in my conscience to vote for it and should not, if I thought that anyone was going to divide against it.

More particularly, I was disquieted by the right hon. Gentleman the First Lord of the Treasury when he said that the Bill recognises the Congress and the League as "successor authorities." I am sure he did say this; I cannot pretend that I have read the Bill properly, but scurrying again through the Bill as he spoke, I cannot find that in the Bill, and I cannot think it right that it should be in the Bill. I cannot believe that hon. Gentlemen opposite would regard it as anything but Fascism if anybody but a British Socialist said that he was treating a party organisation, more particularly either a religious or caste party organisation, as a "successor authority" to a great Government. I feel quite sure that the least term of abuse to come from the opposite side of the House, if that was said by anyone but a British Socialist, would be that it was Fascism, and I think we ought to have some explanation of exactly what these words of the Prime Minister mean... we have not got that assurance that "agreement between the Indian parties has been maintained in fact as in form," which was mentioned as a condition; and I do not really think that it can now be denied that we are dropping our responsibilities without knowing to what authorities, on what terms or in what form they are to be handed over. Nor do we know whether the authorities which are to take the thing from us will be wholly or partially the fruits of agreement. In other words, we are giving, as it were, a blank cheque, and a blank cheque without knowing to whom we are giving it, and the "whom" is not in the singular—a blank cheque to two, three, four or more beneficiaries.

Out of the considerations which I have mentioned so far, and I hope I have made them plain, out of these, I would submit to the House that there is a long series of problems upon which every hon. Member of the House ought to feel sure—I will not say that the best desirable is being done—but, at least (a) that the best practicable is being done, and (b) that it is plainly shown that it is being done. There are a whole series of problems on which each one of us must feel a degree of confidence on each of these problems before he can take any positive action to expedite the passage of this Bill; because I beg hon. Members to remember that, if I understand the constitutional position aright, this is the last process of the British Parliament in regard to India.

Never again will the British Parliament have anything to do with India, so far as we dare foresee. Very well, I say, on the principle which I have endeavoured to indicate, that there is a whole series of claims for protection, security, for which we have a responsibility, and about which we ought to feel quite sure that everything that can be done about them has been done, and we ought to be quite clear that it is quite plain that everything that can be done has been done.

I ask hon. Members to search their consciences and to say whether the Government, whose duty it was, has demonstrated those propositions to us about defence, which has been mentioned several times, and about the Ghurkas, in particular, defence—as some hon. Member said blithely, “Fortunately, that is now no longer for us”—about the Sikhs, about other minor communities, about the Europeans, and about guarantees for civil servants... To continue my list: the depressed classes, the danger, not only of invasion but also of infiltration from outside, the Indian Army, the British Army in India and, last of all—I want to spend three minutes on this, and then I will stop—the Princes.

No doubt a longer list could be made. All I am saying is that we ought to be plain about each one of these that, in going out we have done, and have made it plain that we have done, everything that could be done for them. If that has not been clearly demonstrated to the House, then I think the Government have not come up to their duty, and the Government have no right to demand the passage of this Bill, or at least its Second Reading. I am not arguing at the moment that it ought not to be passed. [AN HON. MEMBER: “What has the hon. Gentleman been arguing?”] I think I have made my argument fairly clear. If hon. Members opposite can make a more intricate argument plainer in a shorter time, I will listen to them any day. About the Princes, and that is the last thing I want to say. I would not set up as an international lawyer, but as I understand the thing, this is a wholesale, one-sided denunciation and renunciation of treaties with our friends, without having consulted our friends. How would hon. Members opposite describe that action if it were taken by anyone not a British Socialist? The wholesale, one-sided denunciation of a large group of treaties with our friends, not at their suggestion, and without consulting them. I do not think it can be said to be less than that. As the Prime Minister pointed out this afternoon, these States do not exist apart from these treaties; they have no international existence at all. I think it ought to have been made plain to us what are the legal and practical consequences of that. Subjects of the State have hitherto had their relations with the British Commonwealth and Empire, and with the outside world, through the allegiance of their Princes to His Majesty, our King. Now, that goes. That is denounced and renounced—as it is rather horribly said nowadays—unilaterally, without any consultation with the other side.

What comes instead? I cannot believe that the British House of Commons ought gladly, blindly and unquestioningly to allow this Bill to become an Act, and to divest itself for the future of all right to be interested in India unless His Majesty's Government can explain what are the legal and practical results, and can explain to us that there is a morally defensible foundation for this wholesale denunciation of the treaties with the Princes. And the same might be said of the other points I have listed...

House of Commons: July 8, 1947.

#### Department (Correspondence)

*Sir Waldron Smithers* asked the President of the Board of Trade if he will give an estimate of the cost to the taxpayer in staff, wear and tear of equipment, and paper and postage, of answering 1,125,000 letters a month.

*Mr. Belcher*: The figure of 1,225,000 letters a month covers the whole of the Board of Trade's correspondence, including statistical returns and applications for licences, patents, payment of war damage, and so forth. I regret that I can give no estimate of the over-all cost of answering this correspondence, since the proportion of staff time devoted to this purpose varies so widely according to subject. The cost incurred by the Board for letter paper, envelopes and postage is estimated at about £105,000 a year...

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