

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

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From Week to Week

Nothing demonstrates more surely the controlling influence in the ... States than the steady pursuit of its ends by paying others, including ourselves, to do its fighting. We are more than doubtful whether the accusation that Great Britain always does this was ever more than very superficially true. Kipling's line, "If blood be the price of Admiralty, Lord God, we ha' paid in full," is so incontestable that it has rarely occurred to us to assert it. But if ever there was a period when it was less true than normally, it was when the Powers which are now using New York as their headquarters were operating from London. Every major war of the nineteenth century was a financiers' war, and a dead loss to the British Empire as such.

This being so, it is easily understandable that, in the face of the fact that we fought Germany for the benefit primarily of the ... States, single-handed for over a year, the story is being steadily propagandised that we did little or nothing in comparison with the all-conquering American. Presumably the book-makers are welshing. So far as the stories are for home consumption there, they probably do not matter very much. But our journals and magazines are being, with the assistance of the Press control here, displaced everywhere, including our sister Dominions.

We think, therefore, that the following facts should be circulated wherever possible:—

In the first place, Great Britain completely mobilized her manpower between the ages of 14 and 64. By 1941, 94 out of every hundred males in this age group were either in the forces or in essential industry or business. By mid-1944, 7,000,000 out of the 16,000,000 British women between the ages of 14 and 59 were similarly mobilized—only married women with domestic responsibilities were allowed to remain at home.

More than 6,500,000 men were enlisted in the armed forces. This does not include those who served in the Merchant Navy, the 225,000 in full-time Civil Defence, or the 2,000,000 in the Home Guard. No other nation can equal this record. Even Germany did not mobilize her women as we did.

Nor did we pick the easy tasks. Out of 1,280,000 war casualties suffered by the Empire and Commonwealth Nations three-quarters of the killed and wounded were from the home islands. The British Merchant Navy took the worst beating of all Merchant Navies in the war with 29,629 men lost at sea and 4,173 interned by the enemy. They lost 2,291 ships of the gross tonnage of 11,643,000 tons, equal to two-thirds of her entire merchant fleet at the outbreak of the war.

Nor was that all. Civilian casualties from air raids totalled 144,542, of whom 27,000 were killed up to the

end of August 1944 and of these 23,757 were women and 7,250 were children. Out of 13,000,000 houses in Great Britain, 4,500,000 were damaged by enemy action. Of these 225,000 were no longer habitable and 212,000 completely demolished.

In spite of the air raids, rationing, and shortages of every kind British production was enormous. She sent 7,000 fighter planes and 5,000 tanks to Russia. Besides her own, she supplied one-third of all equipment used by the American forces in the European theatre of operations from June 1942 to June 1944.

We also supplied 70 per cent. of all arms and equipment supplied to our own, Dominion and Empire forces on all fronts until June 1944. The United Kingdom's troops suffered 70 per cent of the fatal casualties suffered by all Empire and Dominion troops, although she supplied only slightly more than 50 per cent of the total numbers of these forces, and more than four times U.S. casualties.

Mr. Thomas Johnston, late Secretary for Scotland and now Chairman of the North of Scotland Hydro-Electric Board, knows about as much of either the technics or the economics of hydro-electric conversion of power as we do about Pictish runes, and therefore it is charitable to assume that his profession of journalist impels him to talk of power going to waste. But the fact that he does so raises a question which will have to be faced sooner or later—a question which can conveniently be phrased by enquiring whether Mr. Johnston feels confident that, in regarding a rushing waterfall as an example of the inability of the Creator of the Universe, including waterfalls, to know his own business until it is transferred to admirers of the Tennessee Valley Authority, he is not overlooking the fact that the energy of waterfalls already does something. When that energy is withdrawn from what it does, as ordained by Nature, and turns the Hydro-Electric Board's turbines, it stops doing what it is doing now. Whether Mr. Johnston's turbines are more important than the work which the rushing waterfall is doing now only time will show. But the typical conceit of the Socialist is well illustrated by the assumption that wisdom in the use of natural resources was born with him.

SAYINGS OF THE GREAT:—

"This island is built on coal, and surrounded by fish. It would take a genius to organise scarcity here."

—Mr. Aneurin Bevan.

One of the five weekly periodicals which Mr. Anthony Eden and Mr. Oliver Stanley are so anxious should not be interrupted in their (possibly) self-appointed task of forming public opinion, is eulogised by Mr. Elmore Philpott, one of

the World Planner columnists who are forming the same kind of public opinion in Canada, as having published "the simplest, best article... about atomic energy." This is by Mr. Ritchie Calder, who we gather is a famous scientist. According to Mr. Philpott, "Mr. Calder sees no real threat to British private industry—or for that matter to British Socialist hopes—in cheap atomic energy. Coal will more and more be used in the chemical industries, and not for fuel 'which we throw on the fire to convert nine-tenths of its virtues to chimney sewage.'"

Mr. Philpott, as we should expect, evidently gets his information from authoritative sources. The public is not going to escape from the tyranny of the Union of Mineworkers ("no threat to British Socialist hopes") and the miners will be kept busy producing "nationalised" coal for the benefit of I.C.I. ("no threat to British [!] private [!!] industry").

You have to hand it to our Planners, don't you? They see everything coming.

Even the weather is thoroughly Socialist. "Full employment"—you shovel away the snow and it drifts back; all the beautiful Planned Electricity Grid blows down, and you have to put it up again; practically the whole Nationalised Telephone Service is out of order. We see no reason why, as things are Planned, everyone should not have Full Employment for years and years, and end up on a desert island, with nothing to eat.

"This has the effect of increasing the inflationary tendency, against which Mr. Dalton has been guarding."

—*Sunday Dispatch.*

You should just see our cat guarding the sparrows.

The Socialist plan for Government Finance is to make the cost of living rise at a rate which will depreciate Government interest payments, including Savings Certificates so that lenders lose purchasing-power about twice as fast as the nominal increase in value of the Savings Certificate. "Compensation" for compulsory purchases will probably be wiped out completely by inflation. A pretty swindle, isn't it?

Dr. Dalton says history is standing on its head. If by that he means that the body politic has its feet in the air, we agree.

The Social Credit Secretariat

Mrs. Geoffrey Dobbs has joined the Secretariat as Director (*ad hoc*).

THE WORLD FOOD SHORTAGE:

A Communist-Zionist Plot

By B. JENSEN.

Price 2/6.

Obtainable from the publishers:

W. L. Richardson, Lawyers, Aberfeldy, Perthshire.

"Cry Shortage"

Under the heading "Cry Shortage and Let Slip the Dogs of Dictatorship," in its issue of March 16, the *Catholic Herald* completes its account of questions put to Mr. Douglas Reed:—

You have claimed in London Tidings that our most insidious peril is the infiltration of Communists into key industries and organisations in this country. Surely this is an exaggeration on a par with your contention that the extension of justifiable wartime controls like food-rationing, by the present Government, is a dictatorial step?

Mr. Reed's answer was:

"People waste aeons of time being incredulous about the noses on their faces. 'Don't tell me that's my nose, young man,' they love to say, 'I know better; you can't fool me.' They said it each time I explained certain elementary political things: for instance, in 1937 that Hitler would invade Austria; in 1938, that he would invade Prague; in 1939, that he would join with Soviet Russia to make war on Europe; in 1942-3 that Mr. Churchill was making a mistake which would mortally endanger all our to-morrows by using British arms and money to prop up a Communist dictatorship in Yugoslavia; in 1946, that with the introduction of bread-tickets this Government had clearly set out on the road to dictatorship, impoverishment and disaster in our island.

"Of course, the infiltration of Communists into key posts in the Government, Ministries, Trade Unions and shop stewardships (this latter under the pretence, connived at by politicians of all parties, that they are negligibly few and have been 'rejected' by the governmental party) is the reason for our troubles.

"It is much better to plant your man in the power-house with his hand on the levers, than to have a thousand electrical mechanics tinkering with Communist spanners in a thousand different homes.

"The 'extension of justifiable wartime controls,' like food rationing obviously is a dictatorial step. They were wartime controls; in war our ships are sunk and our men are killed. Why extend and strengthen them in peace? 'Shortages?' 'Crises?' Of course. Cry havoc and let slip the dogs of war. Cry shortage and let slip the dogs of dictatorship. Shakespeare knew the method, even if this island has forgotten it to-day.

"For the first time in history the food and warmth of the British islander are at the mercy, through invisible key men, of the ambition of a foreign power. 'Strike organisers' can do much to keep food in short supply; 'shop stewards' to slow down production. Each 'crisis' or 'shortage' thus produced is used to impose new 'restrictions.'

"If people want to delude themselves that these are acts of God, well, they must. But they are not so."

THE STEVENAGE CASE

The hearing of an Appeal by the Minister of Town and Country Planning from the Judgment of Mr. Justice Henn Collins whereby he quashed the Stevenage New Town (Designation) Order, 1946, was begun before Lord Oaksey, L.J., Lord Justice Morton and Lord Justice Tucker on March 20, and continued and adjourned on the following day.

PARLIAMENT

House of Commons: March 10, 1947.

Economic Situation

[*Sir Stafford Cripps set the key to this discussion when he distinguished between Totalitarian and Democratic Planning:*]

The President of the Board of Trade (*Sir Stafford Cripps*):... There is a wide difference between what may be termed totalitarian planning, and democratic planning. The essence of the former is that the individual must be completely subordinated to the needs of the State, even to the extent of depriving the individual of free choice of occupation. Democratic planning, on the other hand, aims at preserving maximum freedom of choice for the individual while yet bringing order into the industrial production of the country... We are attempting to make a success of democratic planning, and, save for emergency measures such as were necessitated by the war, or may be necessitated by some urgent economic crisis, we have decided, in accordance with what, I am certain, is the wish of the country, not to employ, as a normal matter, methods of direction or compulsion of manpower outside the necessities of defence... We must deal in broader classifications, [than are employed in planning the Armed Forces] and we must attempt to guide production into those classifications, not by direct control of manpower, as with the Services, but with other regulatory controls which are available, such as those of raw materials, capital, investment, machinery allocation, taxation, and so forth. But, apart from those various controls, we must also rely upon the individual co-operation of both sides of industry...

[*No speaker exposed the dis-service to the individual in presenting him with an illusory Freedom of choice masking compulsion.*]

House of Commons: March 11, 1947.

Mr. David Eccles (*Chippenham*):... Planning is the central theme of the White Paper, and the great question before the House is whether the British Government can plan the use of scarce resources without so interfering with the liberties of the citizens that the plan must fail... I am asking: is the choice inescapable between a return to the free play of prices or totalitarian Communism? Very significantly, much the same answer to that question was given yesterday by both the President of the Board of Trade and the right hon. Member for Aldershot (*Mr. Lyttelton*). Both said that democratic planning is possible. The methods which these right hon. Gentlemen proposed were more remarkable for their points of agreement than for their points of disagreement. But will they work in practice? The essential feature of the President's plan was co-operation between both sides of industry and the Government. He rejected compulsion; so does my right hon. Friend. The President said that he would revive the Joint Production Staff; that was invented by my right hon. Friend during the war. As his servant I attended its meetings. My right hon. Friend said he would confine planning to strategic decisions and in various ways he would delegate the carrying out of those decisions to industry itself. I am certain that the President of the Board of Trade would be glad to do the same thing, if he knew how to do it.

It is easy on paper to draw up a scheme of democratic

planning, but is it practicable, in the economic and political conditions which exist? That is the real question which the House has to answer. My answer as a technician is that, in terms of economics, it could be done. My answer as a Member of Parliament is that, in terms of politics, it cannot be done. As long as the ultimate aim of one of the great parties in the State is to socialise all the means of production and exchange, for them to ask for voluntary co-operation between the hangman and his victims does not make sense. Nationalisation is a policy which is bound to split the country into two, and we feel that our half is growing. On the other hand, if we on this side of the House were to aim at a return, when the shortages have disappeared, to a completely unplanned economy, I think that the proposals of my right hon. Friend would not work and that it would then be our turn not to have co-operation. We could not have the co-operation of labour in those circumstances.

In my judgment, the conclusion is quite clear. Democratic planning—that was the essence of the proposal of the President of the Board of Trade—has little chance of success while the electorate is divided by great differences of political principle. If that planning is to succeed, the Conservative Party for its part must convince itself and the nation that it knows how to prevent a return to an over-privileged and under-employed society, and the Labour Party must abandon Socialism. Those are the hard facts of democratic planning. The President of the Board of Trade said yesterday, and he was quite right, that no temporary solution to this economic crisis is possible. No short revival of the Dunkirk spirit will avail. I believe that we need something of an economic revolution. We have to find the principle on which we can make a radical change in the balance and methods of our industry and agriculture, and that is a long-term business. If I turned that idea into political words, I would say to hon. Gentlemen opposite that we shall have to meet in the middle or we shall diverge in disaster. So much for the politics of democratic planning.

I turn now to the technique, of which I have had some slight experience. I am surprised continually at the poor show the Labour Party has made of planning. I frankly admit that I thought they would do much better. The fuel muddle is only one out of many examples. I believe that within a few months the Ministries of Food and of Agriculture will be seen to be just as incompetent as the Ministry of Fuel and Power. This is not an accident. There must be behind that incompetence some underlying weakness, and I want to offer to the House, for what it is worth, a technical explanation—not a political explanation. I am sure that an immense amount of harm has been done by the confusion between planning and controls. Planning and controls in this country are irreconcilable enemies. The better the plan the fewer the controls; the more the controls the less flexibility we have in our economy, and without that flexibility it is not possible for a British Government to plan for abundance. What fools we are to have taken our notion of planning from Continental economies, which have never been able to understand the limitations set to the British policy by our love of individual rights and liberties... I do not think there is much difference between the President of the Board of Trade's conception of planning and the conception which is held by hon. Members here who understand industry. [An HON. MEMBER: "How many do?"] A great many of them. The President of the Board

(continued on page 6).

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Saturday, March, 29, 1947.

THE SANHEDRIN

Considerable mystery as well as great interest attaches to the institution of the Sanhedrin (or synhedrion), the council of seventy or seventy-one, apparently first constituted by Moses after the Captivity but believed by some on the contrary to have been an ancient institution in abeyance from the time of the Captivity until the Maccabees.

According to the *Jewish Encyclopaedia*, under the heading "The French Sanhedrin," "On October 6, 1806, the Assembly of Notables issued a proclamation to all the Jewish communities of Europe inviting them to send delegates to the Sanhedrin to convene on October 20. This proclamation, written in Hebrew, French, German and Italian, speaks in extravagant terms of the importance of this revived institution and of the greatness of its imperial protector."

The article nevertheless reproduces in facsimile the title pages from the Prayers recited "at the meeting of the Sanhedrin convened by Napoleon, Paris, 1807." The source is the Salzberger collection in the Jewish Theological Seminary of America, New York. Surrounding a badge bearing, underneath a shield, a sign composed of five letter-v's arranged about a central point (points to centre) the first page bears the following words:—

PRIÈRE
des
Membres du Sanhédrin
RÉCITÉS
dans leur assemblée convoquée à
Paris le 1^{er} jour d'Adar de
L'Année 5567 (9 Février 1807)

[badge]

A PARIS
de l'Imprimerie Impériale

1807.

The account of the proceedings leaves no doubt concerning the occasion for the meeting and little concerning the aspirations behind it. Delayed for exactly a year from the date of the original proclamation, seventy-one "Members" attended, to whose number were added twenty-nine other rabbis and twenty-five laymen. The sittings were public. The resolutions passed "formed the basis of all subsequent laws and regulations of the French Government" in regard to the religious affairs of the Jews, although Napoleon, in

spite of his declarations, issued a decree on March 17, 1808, restricting the Jews' legal rights.

The reference to a "revived" institution goes back to the abolition of the Sanhedrin as part of the repression of the disorders before A.D. 69. The disappointment expressed at the Emperor's moderation of his undertakings seems definitely to refer to an issue not dissimilar to that which developed under the Roman occupation in Palestine at the beginning of the Christian era. The *Jewish Encyclopaedia* raises, but does not dispel, doubts concerning the whole nature and functions of the Sanhedrin by quoting Adolf Büchler to the effect that there were in Jerusalem two magistracies, not one, "which were entirely different in character and functions and which officiated side by side at the same time." Of the first of these, the Political Sanhedrin, it is asserted that "This body was undoubtedly much older than the term 'Sanhedrin.'" The time incidence of the story of the Sanhedrin is noteworthy: it is existent, or at least prominent, before or during the Captivity, during the nationalist excesses of the Maccabees—and after the French Revolution? the latter suggestion is discounted by the recorded history of the public body; but not by the events of European and world history. The continuous underground existence of the Sanhedrin is an historical question, quite independent of the legend that the body meets regularly in Yucatan.

Beginning with the first reference, "*Tiberias was avoided in New Testament times by faithful Jews as godless, pagan, and defiled, but by the irony of history became later a seat of the Sanhedrin, and to-day is one of the four holy cities of Jewry,*" we commend to those who may be interested the consecutive reading of the twenty or so references to the Sanhedrin in "A Commentary on the Bible" edited by Arthur S. Peake, sometime Rylands Professor of Biblical Exegesis in the University of Manchester. Authorities are cited.

T.J.

"Purge" of U.S. Officials?

President Truman is reported to have ordered a "purge" of U.S. Government officials where there are "reasonable grounds" to doubt their loyalty, and to have set up standards to ensure against infiltration of subversive persons into the Government service. The decree is said to involve the checking by the Federal Bureau of Investigation of the records of millions of Federal employees against its files relating to suspects. Among the grounds of which account is to be taken are:—"treason, sedition, advocacy of revolution, acting in the interests of a foreign Power, membership, affiliation or sympathetic association with any foreign domestic organisation, movement, group, or combination of persons designated by the Attorney-General as totalitarian, Fascist, Communist, or subversive, or having adopted a policy advocating or approving the commission of acts of force or violence to deny other persons their rights under the Constitution, or as seeking to alter the form of government of the United States by unconstitutional means."

According to a message transmitted by the Exchange Telegraph Company, "the report by the Committee of investigation says that the recent Canadian spy revelations exposing both the Communist Party and the activities of some members of the Canadian Government, provided sufficient evidence that a subversive threat exists in the United States."

An Introduction to Social Credit*

By BRYAN W. MONAHAN

Part III.—POLITICS.

(1)

The very great importance of the automatic deficiency of purchasing power resulting from the method of accounting the cost of production lies not in itself, but in the consequential importance of financial credit, and hence of the system which provides this credit. It is very probable that many of the honest critics of Social Credit theory miss this point. Because industrial production is continuous, although subject to fluctuations, booms and depressions, they argue against the existence of the automatic deficiency. But the fact of the matter is that production is continuous, because there is a continuous, though fluctuating, supply of fresh money in the form of bank-created credit. Now, so long as the accounting rules are followed, industry is dependent on that supply of fresh money. It is, in this way, governed by banking policy.

Again, so long as the rules are adhered to, banking policy must be limited in certain important ways. In the first place, the bank must be concerned with the probability of recovering the money advanced, and in this respect credit policy must be governed by purely financial considerations. In the second, credit money put into circulation can only be effective in making good the gap between prices and purchasing-power if that credit is paid out in respect of production which does not appear on the market immediately, or at all. Thus new industries, and production for export, or the production of munitions, and the financing of public works, distribute incomes which are effective in shifting existing goods into the hands of consumers, and thus stimulating industry generally.

But we have already seen, this use of credit, which occurs automatically during the original period of capital development, and artificially under the comparatively modern theory of "pump-priming," is only a temporary expedient, since the deficiency in purchasing-power is cumulative, and reflected in an ever-mounting indebtedness, an indebtedness which can never be repaid but which forms a continuously growing burden in the form of debt-charges, both industrial and governmental.

The practical effect of this process is to mortgage both industry and, through its government, the nation, to the banking system; and since the indebtedness cannot be repaid, because the money does not exist, the banking system becomes the virtual owner of industry and nation; and both the nominal owners of industry and the Government become managers for the owners; and it is the business of the manager to carry out the policy of the owners. That is to say, *the banking system controls the policy of industry and Government.*

The first point to note about this situation is that the individual bank is not autonomous. The ordinary operating banks, or trading banks, work on almost mechanical principles. They do create and advance credit to their customers; but the extent to which they can do this depends on their

cash position, and this in turn depends on the current policy of the central bank. The central bank is far more autonomous; it is, in fact, the specific function of the central bank to govern the credit policy of the whole nation. The credit created by the central bank is treated as *cash* by the trading banks.

But even central banks are not completely autonomous. In the days of the Gold Standard, the central bank's credit policy was related to its holdings of gold. The Gold Standard is gone, and gone forever, since the rate at which gold can be mined is progressively less than the minimal rate at which total money must be expanded in order to keep industry functioning under the existing system.

Now since the rate at which new money is required is greater than the rate at which gold is mined; and since money is advanced at interest as a loan to industry, it is obvious that the gold must come into the possession of the lending institutions, the banks. Lending at interest means that more money must be repaid than is lent. This is, in fact, the first stage of the process by which the system becomes virtual owner of industry. So we have the position that the theoretical basis of the credit system, gold, which has become the property of the banking system, is insufficient; some substitute must be found, having the *international* properties of gold.

This is the situation which culminated in the formation of the Bank of International Settlements before the war, and the International Fund and World Bank after it. These three, which are different aspects of one thing, constitute a Central Bank for central banks, and allows a world credit policy to be imposed on national central banks. That is to say, the loans—credit—advanced by the World Bank will be cash for central banks. Once securely instituted, this system will render the banking system independent of gold. Individual banks, however, will be, as they are at present, integrated into a system control of which resides at the apex, and is extra-national. Since industry, and Governments, are dependent on credit policy, it is clear that this extra-national apex controls the fundamental policy of both.

The actual and practical meaning of the situation is, of course, that *individuals* in control of the apex of the world banking system are in control of the overall policy of the world; and this fact must form the proper starting point for any analysis of politics.

It is the matter of this policy and its background which forms, and always has formed, the essential subject-matter of Social Credit. Only to the extent that the financial system has provided the mechanism of this policy has the financial system come under consideration. When Major Douglas published his first book—*Economic Democracy*—the financial system was, as he has since expressed it, the headquarters of that policy; and an attack on the system was, in consequence, an attack on the policy.

Now partly because of the nature of the system, and partly because of the publicity resulting from the attack on it, it was impossible for it to remain as it was; that is to say, politics ceased to be imbedded and concealed in the system as such, and emerged as concrete policies. Or to put it another way, the central policy of the financial system has had to be buttressed with other sanctions. In consequence, the natural emphasis has shifted from economics to politics. What has happened is just what happened with

*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.

Readers will note that the present instalment is headed "Part III." Anticipating the early republication of Dr. Monahan's work in more permanent form, we have omitted his admirable treatment of the economics of Social Credit which occupies Part II.

the outbreak of war; the enormous expansion of credit required to finance the expansion of output for war necessitated extra-financial "controls." But war is only an acceleration of the normal processes of finance. As we have already seen, the operation of industry under the existing rules requires this expansion of credit, and the extra-financial controls were in fact appearing in embryo form before the war, and would have developed, only more slowly, without the war. That is to say, at one time finance and control were synonymous; they are so no longer. Consequently, the *policy of control* has emerged as the subject of examination.

Particularly at the present time, the essential theory of Social Credit could be re-written without reference to finance, and in fact numerous groups act on the essential basis of Social Credit policy without reference to finance. Nevertheless, money forms one of the most beautiful administrative devices which can be imagined, and an understanding of the use to which it has been put, and of the use to which it could be put in the service of another policy, is still the shortest road to an understanding of the political problem. On the other hand, no financial adjustments by themselves could rectify the present situation; and if a financial system is retained, it will certainly be a modified one.

Before we proceed further, it is very necessary to have a clear understanding of the meaning of two important words in common use, which are confused to varying degrees in many discussions and analyses. They are *policy* and *administration*.

Policy is concerned with the choice of objectives, and includes the sense of action taken to achieve that objective. Thus it is more than the "ends" of the common expression "ends and means." To have a policy is to take action to achieve some chosen objective.

(To be continued).

PARLIAMENT. (continued from page 3).
of Trade has been evolving very quickly in the last few months. In this country the purpose of planning is to take something off the ration and the purpose of a control is to put something on the ration. The Labour Party have been too afraid of their own vested interests to draw up an overall plan. The tragedy is that they have been able to console themselves, under the lead of the Chancellor of the Exchequer, for their shortcomings by their faith in their controls. Most of those controls are necessary only because of the inflationary pressure, which must be kept in check. I am talking about rationing and price control. If we had abundance we should not need those controls.

The White Paper admits that the gamble has been lost, with £7 thousand millions of purchasing power pressing upon £6 thousand millions of goods. That estimate of the inflationary gap was made before the fuel muddle began to affect production. The gap is much larger now and it is growing.

I want the House to consider how that gap came about, what are its effects, and how it can be closed. Until it is closed I can see, as a technician, that no form of democratic planning is possible. The inflationary gap is due on the one side to the depressing low level of output, and, on the other side to a deliberate increase in the volume of purchasing power. Both the White Paper and the President of the Board of Trade run away from this vital question of pro-

ductivity. That is quite understandable. No Government likes to own up, any more than employers would, to low output under their management and direction. The ugly facts are plain enough to anyone who has experience in industry. I have taken trouble to build up what I believe to be a sound estimate. Allowing for increased mechanisation, which is very evident in agriculture, and allowing for the general deterioration in the quality of articles produced, I reckon that the overall efficiency of industry today is not more than 80 per cent, of prewar. Of course, in some industries, like building and dock labour, it is much worse, and in others, like rayon, it is much better; but overall, it is 80 per cent. That figure is not just bad—it is mortal.

What are said to be the causes of low productivity? The most fashionable is the shortage of raw materials. My hon. Friend the Member for Edgbaston (Sir P. Bennett) said very well the other day that if the supply of materials is not coming in steadily at the front of the factory, there is nothing that will push the finished goods out at the other end. If raw materials are short, who is to blame? Who is in charge of the foreign exchange control? Who draws up the import programme? Who spends the American loan? Who undertakes bulk buying? Through whose fingers have slipped the lead, the hides and skins, the feedingstuffs, and the linseed? It is not possible for the Government to shift responsibility on this score. The stocks of imported raw materials in the United Kingdom today, except for wool, are desperately low—almost as low as the stocks of coal. We do not yet know how much damage this de-stocking will do. It is an inevitable consequence of the inflation.

As my right hon. Friend the Member for Aldershot (Mr. Lyttelton) said yesterday, the war has left a vast mass of unusable money. The duty of the Government was to prevent, by all means in their power, the growth of that mass and to persuade its owners to have patience until civilian production got into its stride. What has the Chancellor of the Exchequer been doing? In three deliberate ways he has been adding to that mass of purchasing power. As those ways have been mentioned already, I will be very brief in this part of my speech. The Chancellor has allowed the Budget to continue at such a size that it is a powerful instrument of inflation. He has continued his cheap money policy—good in itself—to the point where it was necessary to add an enormous increase to the volume of bank money. He has turned hundreds of millions of long-term investments into the equivalent of cash. Nationalisation has set these vast sums adrift, and in the process of re-investing them, a most unhealthy Stock Exchange boom has been created, and the consequence of that boom has been a big increase of pressure upon the prices of non-rationed goods. . . . Of all the ridiculous periods to choose in which deliberately to contrive an increase in the volume of purchasing power, choose a period when there is a universal scarcity of goods and labour.

But the Chancellor is not the man to have undertaken this policy blind to all its consequences. I know him well enough, as do hon. Gentlemen opposite, to know that. He is relying upon two remedies, both of which have let him down. Not long ago, he told us that the only cure for inflation was greater production. That is not true. It is just as easy to take money out of circulation as it is to put money into circulation by reversing the very methods by which he has himself used to create money. First, he relied upon greater production, and that has not come about. Secondly—I am glad to say that he walked right into it last night—

he has relied upon physical controls, upon rationing, and subsidies. It really is important that we should try to find out what has been the actual effect upon the standard of living of these controls made necessary by the Chancellor's policy. Shortly, the ruinous effect of these devices is this: if the prices are held down in one sector of our economy and allowed to rise in another, then inevitably capital and labour slip away from the production of the controlled articles and find a profitable employment in the production of the uncontrolled articles. . . This system of rationing and price control has enabled the non-essential industries to outbid the essential industries for the labour coming out of munitions and the forces. I say that monetary mismanagement is largely responsible for this distortion of our economy. What ought we to do now? We must reverse the bad policy of this Chancellor of the Exchequer. The Budget must be balanced, at somewhere below £3,000 million. The cheap money policy must be stopped at the point where it requires the creation of additional bank money, and the nationalisation programme must be dropped. [HON. MEMBERS: "Oh."]

House of Commons: March 13, 1947.

Contracts of Service

Major P. Roberts asked the Minister of Fuel and Power whether he is aware that certain Coal Board officials are not having regard to existing contracts of service of subordinate employees and are bringing pressure to bear in order to enforce a change of employment on employees to their detriment; and what action he is taking to prevent this in future.

Mr. Shinwell: No, Sir. The terms and conditions of service between the National Coal Board and its servants are matters for the Board, subject to the provisions of the Coal Nationalisation Act, and I have no power to interfere.

Major Roberts: Is the Minister aware that under the Act he has powers to give directions? Is he not further aware that employees are frightened of bringing these matters up because of victimisation, and would it not be better in the interests of the employees that a general instruction should be given along those lines?

Mr. Shinwell: If the employees are afraid of victimisation or anything else they should consult their organisations.

Churches

Mr. Sutcliffe asked the Minister of Fuel and Power if he is aware that, in some instances, it has been impossible to obtain sufficient fuel for the heating of churches for Sunday services; and what action is being taken to ensure supplies.

Mr. Shinwell: If the hon. Member will send me particulars of any case in which a local fuel overseer has been unable to meet a request for assistance, I shall be glad to have inquiry made.

Mr. Sutcliffe: Is the right hon. Gentleman aware that

on the North-East coast there are some churches and Sunday schools which have been without fuel for nearly a month, and that the suppliers tell them they have orders from the Ministry to give entertainments, including public houses, priority over the churches? Will he have that order countermanded at once?

Mr. Shinwell: It may well be that some churches have been short of coal, but so have many other people. Of course there is a shortage of domestic coal. I have said that over and over again. As long as there is a shortage there must be some difficulties, and we are trying to correct them as rapidly as we can.

Mr. Sutcliffe: Is the Minister aware that this is a question of priority between entertainments of all sorts and churches? Will he look into this question?

Mr. Shinwell: I am not in a position to offer any comment on the question of priority as between churches and public houses.

Mr. Jennings: On a point of Order. Is there no means whereby we can get a direct answer to a Question?

Mr. Speaker: There are no means at all. It is up to the Minister.

Mr. Sutcliffe: In view of the unsatisfactory nature of the reply, I beg to give notice that I shall raise the matter on the Adjournment at the earliest possible moment.

Private Hire Cars

Major Legge-Bourke asked the Minister of Fuel and Power if he proposes to alter the present arrangements regarding the issue of petrol allowances to owners of private hire motor-cars; and why the advisability for issuing such allowances is judged on confidential police reports rather than recommendations of local authorities in whose areas the motor cars will serve.

Mr. Shinwell: No, Sir. The work of the police gives them an intimate and first-hand knowledge of traffic conditions and of public transport facilities and in my view their advice as to any need for additional hire cars in any given area is the best that is available.

Major Legge-Bourke: Does not the right hon. Gentleman appreciate that there are other considerations, besides that of traffic, which need to be taken into account in this matter, and that local authorities are in a far better position to judge of the need for these cars than local police constables?

Mr. Shinwell: The police are in touch with the local authorities. It is true that other considerations, apart from traffic considerations, need to be taken into account, and they are taken into account.

Mr. Butcher: Are we to understand that the right hon. Gentleman justifies a system under which a man has no chance of earning his living, because that right is denied to him by a civil servant on the basis of a confidential report which he has not seen?

Mr. Shinwell: Nothing of the sort. We have to consider whether, in any given area, we shall issue licences to people who wish to enter into this business to the detriment of those already there.

Major Legge-Bourke: Is the Minister aware that the Parliamentary Secretary, in correspondence with me, said that the reason why reports were kept confidential was to save

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Current Affairs Section.

A PUBLIC MEETING

will be held in R.I. Rooms, 200 Buchanan Street,
on TUESDAY, APRIL 1, at 8 p.m.

Subject:—The PALESTINE PROBLEM.

chief constables the trouble of correspondence with his Ministry?

Mr. Shinwell: It is desirable to make them confidential because it is not in the interest of the person concerned to publicise them.

Major Legge-Bourke: Owing to the unsatisfactory nature of the Minister's replies, I beg to give notice that I shall raise the matter again on the Adjournment at the first opportunity.

Paraffin

Mr. Farmer asked the Minister of Fuel and Power what stocks of paraffin are available; and whether he is prepared to make an immediate release of these stocks.

Mr. Shinwell: As I have stated on previous occasions, it is not in the national interest to disclose stocks of any petroleum products. As regards the second part of the Question, the Petroleum Board have been releasing increased quantities of paraffin to dealers since early February in view of the severe weather conditions . . . I would add that it is only the need to conserve dollars that makes it necessary to restrict consumption of paraffin.

Sir G. Fox: Why is it not in the general interest to disclose these petroleum figures? Who are we going to war with?

Polish Miners (Examination)

Major Guy Lloyd asked the Minister of Labour why it is considered necessary that Poles who have volunteered to work in the mines should be screened by an examining committee composed partly of members of the mineworkers' union, when they have already been screened by the Army authorities; and why they are questioned about their political opinions by these committees.

Mr. Ness Edwards: Any applicant for employment should be interviewed in order to decide whether he is suitable. In the case of Polish volunteers for coal-mining, an appropriate form of panel appeared to be one composed of two representatives of employers and two of employed. This is an entirely different matter from screening in the military or political sense. The House will be pleased to learn that of the first 300 men interviewed only 10 were rejected as unsuitable.

Major Lloyd: Is the Minister aware that Mr. Horner has publicly stated that the Miners' Union intend to examine the political views of every Polish applicant who desires to enter the mines; and has that the approval of the Government or not?

Mr. Ness Edwards: I should have thought that the last sentence contained in my answer was sufficient reassurance to the House. Of the 300 men interviewed only 10 were rejected as unsuitable.

Captain Crookshank: On what grounds were they rejected?

Major Lloyd: May I not have an answer to my last question? Does the Government approve of these Poles being rejected by the Miners' Union for that reason?

Mr. Ness Edwards: Poles who volunteer for mining go before a panel in order to see whether or not they will make suitable miners. It is on those grounds that they are examined. I have reported the results to the House.

Major Bruce: Will my hon. Friend ensure that British workers are free to work with whom they wish?

Mr. Marningham-Buller: Will the hon. Gentleman say whether any of them were rejected on political grounds?

Mr. Ness Edwards: I am informed that of the 10 who were rejected as unsuitable, some were rejected on account of eyesight, some on account of chest trouble, and some on account of foot trouble.

Sir W. Smathers: Any political?

Mr. Bing: Is the hon. Gentleman aware that one of the Polish groups contained at least one man who is on the list of war criminals of three powers? Does he not consider that, in those circumstances, it is perfectly proper that there should be adequate political screening?

Mr. Ness Edwards: The question of political screening is a matter for the military, and it is assumed that when the men are going into the Resettlement Corps they are screened for political reasons. This question, therefore, really does not arise.

Major Lloyd: In view of the evasive answer, I beg to give notice that I shall raise this matter on the Adjournment.

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