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The New and The Old Economics*

By C. H. DOUGLAS

SECTIONS III. AND IV.

The A plus B Theorem, Saving, and the Repetition of Payments Increasing Prices.

For the convenience of readers who have not Professor Copland's paper, or the book in which this theorem is contained, it is reprinted herewith:—"A factory or other productive organisation has, besides its economic function as a producer of goods, a financial aspect—it may be regarded on the one hand as a device for the distribution of purchasing power to individuals, through the media of wages, salaries, and dividends; and on the other hand, as a manufactory of prices—financial values. From this standpoint, its payments may be divided into two groups:—

"Group A—All payments made to individuals (wages, salaries, and dividends).

"Group B—All payments made to other organisations (raw materials, bank charges and other external costs).

"Now, the rate of flow of purchasing power to individuals is represented by A, but since all payments go into prices, the rate of flow of prices cannot be less than A plus B. Since A will not purchase A plus B a proportion of the product at least equivalent to B must be distributed by a form of purchasing power which is not comprised in the description grouped under A."

It is fortunate that the criticism of Professor Copland is practically contemporaneous with a criticism of the same theorem by Professor Robbins, as it is possible to use either of them to confute the other. It is, however, obvious that, at any rate, Professor Copland has not understood, what seems to me to be, its fairly simple language, and what are the consequences which might be expected as a result of its truth.

The A plus B theorem, then, may be said to be first, an assertion that, under certain circumstances, almost universal in modern industry, which will subsequently be specified, purchasing power cannot be equal to prices, if purchasing power and prices are both considered as a flow, which is the commonly accepted and correct method of regarding the matter. The second aspect of the theorem is that it puts forward an explanation as to the mechanism through which this disparity is produced. Obviously, the correct method of approaching the subject, although not that commonly employed by professional economists; is first of all to ascertain if the situation does, in fact, confirm the theorem. Now, fortunately, or unfortunately, it is not necessary to seek very far for this confirmation. I do not suppose that Professor

Copland, or any responsible student of the economic situation would deny that it is concerned with a problem of glut, still less would he contend that it was a problem of scarcity. It is admitted that we can produce all we want, but cannot buy or sell to the extent of our productive capacity. Without going over the well-known ground covered by the literature of sabotage, such as the burning of wheat as fuel because it cannot be sold or to keep up the price, the destruction of millions of bags of coffee, the shooting of calves on the Argentine plains, the restriction of rubber tapping, and merely emphasising that this glut of actual consumable products does not take into account the immense unused productivity represented by half-idle factories, large bodies of unemployed, decreasing cultivation of farm lands, and unused processes for increasing the productivity of agriculture, to name only a few of these aspects of the matter, it is quite certain that the introduction of mechanical power into the economic service of man has at least multiplied his productive capacity by the ratio of his muscular energy to the power at his disposal, that is to say, at least fifty times. It is highly probable that the multiplying factor is considerably greater than this. An association of American engineers and technologists at Columbia University remarks: "The advent of technology makes all findings based on human labour irrelevant, because the rate of energy conversion of the modern machine is many thousand-times that of man. The total capacity of U.S. industrial equipment is one billion horsepower which does the work of ten billion men, or five times the earth's total population." Both from observation, therefore, and by scientific deduction, we are justified in regarding it as beyond all reasonable doubt that, from the realistic or physical point of view, the world actually is rich and could be much richer in real goods and services, and that economic want is an anachronism.

On the other hand, we may regard Governments as being spokesmen of the financial system, since it is by the sanction of Governments that the existing system is maintained. It is claimed by these governmental spokesmen that we are living in a period of great stringency, that financial economy is necessary, both of the voluntary or saving description and of the involuntary description, which may be for the present purpose described as taxation. Obviously, these two pictures cannot be at one and the same time true. We cannot be rich and poor, in an economic sense, simultaneously. That is to say, the financial system does not reflect the facts of the physical, economic, and production system. Since fact and logic both demonstrate that we are rich, while the financial system says that we are poor, it seems beyond dispute that it is purchasing power which is lacking, and not goods, or, in other words, that the collective prices of the goods for sale are in excess of the purchasing power available to buy them. Professor Copland seems to have some inkling of this in his first paragraph, in which he remarks that: "With many others, Major Douglas finds a disparity between con-

*Sections 1 and 2 of *The New and the Old Economics* appeared in *The Social Creditor* of September 6.

sumers' spending power and production." (*sic*). I am not specially concerned with any claims to priority, and am, therefore, quite content to agree that I have an increasing body of acquiescence on this point, although I do not gather that Professor Copland admits it.

Turning to the specific criticism of the theorem, Professor Copland begins by remarking as follows: "Taking the first part of this argument, it is assumed that the so-called B payments are not distributed to consumers. This I believe to be the fundamental fallacy of the Douglas Credit Analysis." I think I am justified in retorting to the second sentence just quoted that I think the first sentence is conclusive evidence that Professor Copland does not understand the Douglas Credit Analysis. The B payments to which he refers are specifically stated in the enunciation of it, to be payments made from one producing organisation to another, and are, beyond dispute, the completion of a cycle of cost accountancy. I trust Professor Copland will not consider me unduly elementary if I explain that a cost is created *either* by the application of paid labour to production *or* by the allocation of book costs in respect of previously-incurred expense, or by both together. Payments to labour distribute purchasing power to consumers, who supply the labour as workers, *and* create costs which go into prices of the goods that they produce. The allocation of book costs does not distribute purchasing power, but is the presentation of a claim on purchasing power *already distributed*, and is met, if it is met, by the inclusion of the sum claimed, in price. B payments are a *settlement* of the combined claim produced in this way at every separated stage of production.

Fortunately, Professor Copland, while ignoring the diagram on page 31 of "The Monopoly of Credit," the book from which he is at the moment quoting, includes a diagram of his own, which confirms my belief. It will be noticed that in this diagram time is non-existent, and apparently, to Professor Copland, is of no importance. That I am not misrepresenting him is, I think, proved by his remark, on page 16 of his pamphlet, that it is "not relevant to the point at issue" that "spending power distributed two years ago is not available for consumption today. The several stages of production are in progress at the same time."

Let us suppose that production is divided into five processes, all of them in progress at the same time. Each of these five processes pays its workmen weekly, and each pays £10 in wages. Each one of the factories carrying out the five processes allocates 100 per cent. on to its direct labour in the form of book charges, which is a very moderate average overhead charge. For the moment we will leave out payments for materials. The total amount of wages distributed in the week is £50. It seems to me to be merely perverse, to deny that the price values or claims on the public created in that week are £100 while the purchasing power distributed is only £50. When factory No. 4 sells its weekly output to factory No. 5, it sells it for £80, and factory No. 5, if it can sell at all, sells for £100. If Professor Copland cannot show me a week in which, in the normal operation of the cost system, this process is not going on, the only question at issue is whether the £50 of overhead charges still exist in the form of purchasing power. It is not merely relevant; it is the major portion of the problem. I might remark that if he can show me a factory which does not allocate book charges, I will show him a factory which is heading straight for bankruptcy.

In order to decide this question, we have to examine the nature of the overhead charges, how they were created, and what financial processes have been associated with them. To make the matter as simple as possible, I shall, for the moment, assume that overhead charges are nothing but charges for the use of buildings and plant, and at a later stage explain how this definition can be extended.

Before, then, each of the factories in the above illustration could commence operation, it had to be built and equipped with machinery. There are two methods by which this operation could have been financed. The first is that it could have been financed out of savings, the method commonly suggested by orthodox financial authorities as that by which capital expenditure is financed. It is very questionable whether much modern finance is done in this way. Assuming this course to be pursued, the money to buy the plant must have appeared in the cost of some previous product, and therefore its mere saving causes a deficiency of purchasing power to that extent. If it is now applied to pay the wages, etc., necessary to produce the new buildings and plant, quite obviously these new buildings and plant are produced without the creation or distribution of any fresh purchasing power. In other words, the money creates a second price value, but does not produce any fresh money. This is the simplest, but by no means the only, example of a sum of money appearing more than once in series or chain production, and producing a *cost* on each occasion without creating fresh purchasing power.

From the ordinary point of view, the people who put up the money are legitimately entitled not only to a profit on this money, but also to get it back again in full, since in their case the money may be assumed to represent past effort, so that the factories in question must make a charge on each article turned out which will provide the money to meet these claims. The only objection to this perfectly fair assumption is that, in the aggregate, the public have not got the money.

(To be continued.)

In French

U. N. O.

Un O.

Un Zero.

Hitler in Our Self

We regret the printer's error in the book title, *Hitler in Uns Selbst*, in the first paragraph of *From Week to Week*, September 6, which obscured the pertinence of Max Picard's choice of phrase.—Editor, *T.S.C.*

Life and Death in Russia

The review of Dr. Dallin's *The Real Soviet Russia*, commenced last week, will be continued in the issue for September 20.

PARLIAMENT

House of Commons: August 8, 1947.

Supplies and Services (Transitional Powers) Bill

Mr. Pickthorn (Cambridge University): ... The Debate today has been, in the main, a continuation of the Debate of the last two days, and, with every respect to the House, I think that is perhaps proper, and with every respect to the Chair, I think it is quite orderly; but I hope it may be considered not improper to refer more particularly to the Bill. I wish the Attorney-General were here. I had hoped that he was going to enlighten us a little. I do not in the least cast doubt on the competence of the right hon. Gentleman who is now in command of the Treasury Bench, who, I understand, is to speak last, but I think that we might have received more legal and technical guidance at an earlier stage. Quite honestly, from the Government's own point of view, it really has now become necessary, because every speech which they have had from their supporters, beginning with the hon. Gentleman who spoke from below the Gangway, who is a doctor, though not, I gather, a doctor of law, and then the hon. Gentleman the Member for East Coventry (Mr. Crossman) and the hon. Gentleman who last addressed us, they have indicated an entirely different legal and technical point of view on this Bill from the point of view indicated to us by the Lord President of the Council. *[Interruption.]* Oh, yes. Quite honestly, the right hon. Gentleman is not right in shaking his head. If he had been here throughout the Debate—

The Secretary of State for the Home Department (Mr. Ede): I have heard it all.

Mr. Pickthorn: If the right hon. Gentleman has heard every word, he must know, then, that the point of view which they indicated has been an entirely different point of view from the Lord President's. The hon. Gentlemen below the Gangway welcomed this Bill because, under this Bill, this Government of supermen is going, not only to "integrate" this country, but to integrate Europe and Asia, and to organise and exploit Africa. All that is to be done under this Bill. The hon. Member for East Coventry welcomed this Bill as if it were a sort of "Night of the Long Knives," to give the "All Clear" to his wing of the Party to go straight ahead and not bother with any of the scruples of the other parties or the other parts of that party. He certainly took that line, and the other hon. Gentleman who spoke, certainly took that line. The House is really discussing this Bill in ignorance and obscurity, for it does not know whether that is right or what, after hearing that, the Treasury Bench thinks the Bill means. Even if we did know what the Treasury Bench thinks the Bill means, we should not be very much further forward, because the courts are not bound by the Treasury Bench, nor is the Treasury Bench permanently manned. But it is most unfair and improper to ask this House to give a Second Reading to a Bill on which diametrically opposed views are taken by the Front Bench and by, so far, every single speaker on the Back Benches opposite, and I do claim, and I think we should be quite entitled to move the Adjournment of the House upon it, that we ought to have a full explanation of which is the Socialist Party line about this Bill before we carry this Debate further.

Is the line that this is a small technical Bill which is to make it plain, in the new circumstances which the Chancellor of the Exchequer explained to us yesterday he had seen coming

for the last two or three years, but which had now burst upon him in a sudden storm, to make plain that in the new circumstances the special provisions for that war-to-peace transition are still to be applicable? Is that all it is? Or is it really going to authorise this Government to do all sorts of things that it has not hitherto done, and, indeed, could not hitherto have done? Which is it? I think it is most important that we should be told that by somebody on the other side, and that we ought to be told it well before we get to the end of the Debate, which is already rather drawing to a close.

I should like to say two things to the hon. Gentleman who spoke last. He wanted to know why the Forces are still required. I will tell him one reason. It is because the Foreign Secretary, nearly two years ago, was prepared to stake his political reputation and his political future on solving the Palestine problem, and he has not yet solved it. I do not say whether or not mistakes have been made, but that is one reason. Another thing I would say to him is that he told us that alternative policy suggested from this side would break the people wide open, make disunity greater than ever before. This is really the root of the whole of our problem. As long as hon. Gentlemen opposite take the view that they, with 47 per cent. of the votes cast in the country, and, therefore, 65 per cent. of the seats in this House, must do as they like, and that anybody who does not wholly facilitate their doing as they like is sabotaging the national effort, if they take that view, and simultaneously that if other men had a majority, and an alternative policy were tried, then the people of this country would be split wide open, then, as the Chancellor of the Exchequer said at the General Election, there will be trouble all over the industrial field—so long as they take that view, there can be no economic continuity, still less progress, in this country, and we must stumble from one crisis to another until we end in disaster or revolution or both, from which ever side, it comes; and I beg them to reflect in their consciences upon that argument.

The Lord President of the Council made no attempt, and I beg the Home Secretary, unless, as I hope the Attorney-General will do it, to indicate to us what under existing Regulations can be done by orders. Does the Patronage Secretary wish to help us?

The Parliamentary Secretary to the Treasury (Mr. Whiteley): I am speaking to my hon. Friend, not to the hon. Gentleman.

Mr. Pickthorn: It is a little difficult when one can hear half the words but not all of them—neither silence nor articulation. There should have been some indication to us of what can be done by orders under existing Regulations. I quite understand that there cannot be an exhaustive analysis of that now, but I suggest to the Attorney-General that there can be no proper consideration of this Bill unless that is made plain. We ought to be told what are the practical limits of the powers for which the Government are now asking.

I wish to say one thing, if I may leave the Bill directly for a moment, about the Chancellor of the Exchequer yesterday. He told us that there were three causes for the difficulties in which we now stand. The first was the price rise in the United States. That, he said, was the chief one. The second was the set-back to the export drive; and the third was the spread of the dollar famine. I wish to suggest two things to hon. Gentlemen opposite. The first may be debatable; the second I do not think they will dispute. The

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Saturday, September 13, 1947.

From Week to Week

It is with a feeling almost amounting to nausea that we write of economics in these days. How much of the vicious mental and moral poison which is distributed by authoritative and orthodox institutions such as, e.g., the Westminster Bank, is due to that awful blindness of the Pharisee—"Lord, forgive them, for they cannot see" we do not know. But we have no doubt as to its effect. Anyone of elementary and unspoiled common sense, if such a thing still exists in our educated masses, after reading the article by F. W. Paish (yes, the boy guessed right the very first time—"Sir Ernest Cassel Reader in Business Finance, University of London") in the August issue of the Westminster Bank Review, "Planning and the Price System," could not fail to comment:—

"If the fundamental idea of a price system is to produce a political result, not to conform to a principle, why not wangle all accounts, as well as the content and value of both the debit and credit items, so that all business becomes a nightmare played with a crooked cue, and elliptical billiard balls." That is to say, the rot of disbelief in any rule of honesty spreads, as it has spread; and the ordinary man says that he has no grounds for supposing that the game will not be rigged every time a fresh set of gangsters acquires control. As, of course, it is.

Perhaps this consideration may indicate why the request to 'explain Social Credit' under present conditions produces on the writer of these notes the effect of a mild emetic; and the statement that "Alberta certainly has the most honest and successful Government of any of the Canadian Provinces, but it really has nothing to do with Social Credit," a slight desire to scream. We are now one hundred years *behind* 1923. But time may be an illusion.

Meanwhile, consider the position in these islands *when the status of the gentry was unquestioned* "at the end of the 15th century, the handicrafts-man could earn enough in ten weeks to provision himself for twelve months, while the labourer could support himself for a whole year, by what he earned in fourteen weeks." Tory propaganda? Not at all. The *Manifesto of the Socialist Party of Great Britain, 1920*. But don't make the mistake of supposing that the gentry whose position was unquestioned, and who existed side by side with the craftsmen and labourers whose condition is quoted, bore much resemblance to any dominant class of the present day.

"If the impression prevails today that economic leadership is the more powerful element, this is because political leadership has degenerated into partisan anarchy and hardly

deserves the name of leadership at all, so that by contrast the economic leadership *appears* to tower above it."—*Hour of Decision*. Oswald Spengler.

This question of financial honesty as a fundamental of political rectitude is complicated by the intervention of monetary reformers of the type of Professor Soddy.

We know Professor Soddy to be a man of more than honesty; of scrupulous honour; that the idea of falsifying an account knowingly would be more than abhorrent to him. Yet it is clear that it would take a surgical operation to get it into his head that he is going about the world advocating policies which mean exactly that. If Professor Soddy, what can be expected of the careerist who senses that the most powerful influences controlling his career are determined to make every form of accounting a function of units which mean anything serving their purpose except an exact relationship to the *economic* unit they pretend to represent.

"The practice of our nation for centuries establishes the rule that, except for matters clearly of direct general and imperial interest, centralisation is unconstitutional."—*History of the English Constitution*, Sir Edward Creasy. p. 373, 16th Ed.

"Magna Carta is still in force and binding upon the Crown... and in particular by the Confirmation and Re-issue of 1297 (25 Edw.1 Stat. I Ruff.) by which it was directed to be observed as the Common Law of the Realm, and *all judgments contrary to it were declared void*. [our emphasis, Editor, T.S.C.] These judgments must be regarded as... the fundamental Laws of England."—*Halsbury's Laws of England*. Vol. 6.

The well-known remark of Napoleon, that he could not afford unlucky generals, is especially applicable to our affairs at present, and never more so than in regard to coal. Just how much coal we might need if the situation were not bedevilled by international finance we are not prepared to state—certainly a great deal less than we are getting. But there is no conceivable situation which would justify the position which the miners are arrogating to themselves—that of one fiftieth of the population, who are holding the rest to ransom.

The Oriental trick of "buttering-up" someone from whom you desire favours has been, quite naturally, employed by Mr. Shinwell, probably careless of the fact that British miners are not Orientals. Like many other sections of the population, they have lost their feet. The situation is so bad, and its roots go so far back into alien agitation, that we are convinced that the correct policy to pursue is *solvitur ambulando*—to leave the miners high and dry with their coal. Atomic power may be the quickest avenue of escape; but there are others.

It is here that this curious pest of bad generals, in the political sense, is so noticeable. There is a whole body of sound and widely based argument against Highland Hydro-Electric Schemes, not the least of which is the dragging-in of the T.V.A. as a model, with our contemporary Socialist spell-binder, Mr. Thomas Johnston, to present the picture.

But we are not aware of a single valid argument against tidal power development other than capital cost, which means "full employment." The Severn, Menai Straits, Scapa Flow,

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MAGNA CARTA

The first part of this translation of Magna Carta appeared in THE SOCIAL CREDITER of September 6.

43. If any one hold of us by fee-farm, or socage, or burgage, and holds lands by another, of military service, we will not have the wardship of the heir or land which belongs to another man's fee, by reason of what he holds of us by fee-farm, socage, or burgage, nor will we have the wardship of any man's fee-farm, socage, or burgage, unless the fee-farm is bound to perform military service.

44. We will not have the wardship of an heir, nor of any land which he holds of another by military service, by reason of any petty serjeanty he holds of us, as by the service of giving us daggers, arrows, or the like.

45. No bailiff, for the future, shall put any man to his law upon his single accusation, without credible witnesses produced to prove it.

46. No freeman shall be taken, or imprisoned, or disseised, or outlawed, or banished, or any ways destroyed; nor will we pass upon him, or commit him to prison, unless by the legal judgment of his peers, or by the law of the land.

47. We will sell, or deny, or defer, right or justice to no man.

48. All merchants shall have secure conduct to go out of England and to come into England, and to stay and abide there, and to pass as well by land as by water, to buy and sell, by the ancient and allowed customs, without any evil toils, except in time of war, or when they are of any nation at war with us.

49. And if there be found any such in our land in the beginning of the war, they shall be attached, without damage to their bodies or goods, until it may be known unto us, or our chief justiciary, how our merchants be treated in the nation at war with us; and if ours be safe there, they shall be safe in our dominions.

50. It shall be lawful, for the time to come, for any one to go out of the kingdom, and return safely and securely, by land or by water, saving his allegiance to us, unless in time of war, by some short space, for the common benefit of the kingdom, except prisoners and outlaws (according to the law of the land), and people in war with us, and merchants who shall be in such condition as is above mentioned.

51. If any man holds of any escheat, as the honor of Wallingford, Nottingham, Boulogne, (?) Lancaster, or any other escheats which are in our hands, and are baronies, and dies, his heir shall not give any other relief, or perform

WEEK TO WEEK

(Continued from page 4.)

to mention only three, could be developed to provide very large amounts of power probably from beginnings not too ambitious. The former has had a great deal of exploratory work done on it and no very convincing explanation was given as to why it was shelved after the first phase of the World War.

It is of course first necessary to have some clear idea as to what we are trying to do—a matter in which the Planners seem to have no plan. To the ordinary man, we appear to be importing a disjointed collection of alien policies. But this may be our idea of preparing for another war.

any other service to us than he would to the baron, if the barony were in possession of the baron; we will hold it after the same manner the baron held it.

52. Those men who dwell without the forest from henceforth shall not come before our justiciaries of the forest upon common summons, but such as are inpleaded on the pledges of any, for any that were attached for something concerning the forests.

53. We will not make any justiciaries, constables, sheriffs, or bailiffs, but such as are knowing in the laws of the realm, and are disposed duly to observe them.

54. All barons who are founders of abbeys, and have charters of the Kings of England (for the advowson?), or are entitled to it by ancient tenure, may have the custody of them when void, as they ought to have.

55. All woods that have been taken into the forest in our own time shall forthwith be laid out again; and the like shall be done with the rivers that have been taken or fenced in by us during our reign.

56. All evil customs concerning forests, warrens, and foresters, warreners, sheriffs and their officers, rivers and their keepers, shall forthwith be inquired into, in each county, by twelve knights of the same shire, chosen by the most creditable persons in the same county, and upon oath; and within forty days after the said inquest, be utterly abolished, so as never to be restored.

57. We will immediately give up all hostages and engagements delivered unto us by our English subjects as securities for their keeping the peace and yielding us faithful service.

58. We will entirely remove from our bailiwicks the relations of Gerard de Athyes, so that for the future they shall have no bailiwick in England. We will also remove Engelard de Cygony, Andrew, Peter, and Gyon de Canceles, Gyon de Cygony, Geoffrey de Martyn, and his brothers; Philip Mark and his brothers, and his nephew Geoffrey, and their whole retinue.

59. And as soon as peace is restored we will send out of the kingdom all foreign soldiers, cross-bow men, and stipendiaries, who are come with horses and arms to the injury of our people.

60. If any one hath been dispossessed or deprived by us, without the legal judgment of his peers, of his lands, castles, liberties, or rights, we will forthwith restore them to him; and if any dispute arises upon this head, let the matter be decided by the five-and-twenty barons hereafter mentioned, for the preservation of the peace.

61. As for all those things of which any person has, without the legal judgment of his peers, been dispossessed or deprived, either by King Henry, our father, or our brother, King Richard, and which we have in our hands, or are possessed by others, and we are bound to warrant and make good, we shall have a respite till the term usually allowed the croises, excepting those things about which there is a suit depending or whereof an inquest hath been made by our order before we undertook the crusade; but when we return from our pilgrimage, or if we do not perform it, we will immediately cause full justice to be administered therein.

62. The same respite we shall have for disafforesting the forests which Henry, our father, or our brother, Richard,

have afforested, and for the wardship of the lands which are in another's fee, in the same manner as we have hitherto enjoyed those wardships by reason of a fee held of us by knight's service; and for the abbeys founded in any other fee than our own, in which the lord of the fee claims a right; and when we return from our pilgrimage, or if we should not perform it, we will immediately do full justice to all the complainants in his behalf.

63. No man shall be taken or imprisoned upon the appeal of a woman for the death of any other man than her husband.

64. All unjust and illegal fines, and all amerciaments imposed unjustly and contrary to the law of the land, shall be entirely forgiven, or else be left to the decision of the five-and-twenty barons, hereafter mentioned, for the preservation of the peace, or of the major part of them, together with aforesaid Stephen, Archbishop of Canterbury, if he can be present, and others whom he shall think fit to take along with him; and if he cannot be present, the business shall, notwithstanding, go on without him; but so that if one or more of the aforesaid five-and-twenty barons be plaintiffs in the same cause, they shall be set aside as to what concerns this particular affair, and others be chosen in their room out of the said five-and-twenty, and sworn by the rest to decide that matter.

65. If we have disseised or dispossessed the Welsh of any lands, liberties or other things without the legal judgment of their peers, they shall immediately be restored to them. And if any dispute arise upon this head, the matter shall be determined in the Marches by the judgment of their peers; for tenements in England, according to the law of England; for tenements in Wales, according to the law of Wales; for tenements in the Marches, according to the law of the Marches, the same shall the Welsh do to us and our subjects.

66. As for all those things of which any Welshman hath without the legal judgment of his peers been disseised or deprived by King Henry, our father, or our brother, King Richard, and which we either have in our hands, or others are possessed of, and we are obliged to warrant, we shall have a respite till the time generally allowed the croises, excepting those things about which a suit is depending, or whereof an inquest hath been made by our order before we undertook the crusade; but when we return, or if we stay at home, and do not perform our pilgrimage, we will immediately do them full justice according to the law of the Welsh, and of the parts afore-mentioned.

67. We will, without delay, dismiss the son of Lewelin and all the Welsh hostages, and release them from the engagements they entered into with us for the presevation of the peace.

68. We shall treat with Alexander, King of Scots, concerning the restoration of his sister and hostages, and his rights and liberties, in the same form (and manner) as we shall do the rest of our barons of England, unless by the engagements which his father, William, late King of Scots, hath entered into, with us, it ought to be otherwise, and this shall be left to the determination of his peers in our court.

69. All the aforesaid customs, privileges, and liberties which we have granted to be holden in our kingdom, as much as it belongs to us towards our people, all our subjects,

as well clergy as laity, shall observe as far as they are concerned towards their dependents.

(To be concluded.)

School-Children on Strike

The latest episode in the dragooning of children by the Ministry of Education is a "stay-out" strike of twenty-eight school-children in the remote parish of Llangwnadl, Caernarvonshire, in resistance to the closing of their school and a threatened daily 'bus journey of seven miles to and from one chosen for them by the Ministry. The 'bus covers the distance daily occupied only by a school-attendance officer and the driver, ridiculed by the occupants of farm-houses *en route*. The Member of Parliament and duly elected local authorities are said to be sympathetic to the "strikers."

PARLIAMENT

(Continued from page 3.)

first is that all these reasons are fundamentally the same reasons. It is no use talking about the dollar famine as if it were a kind of Colorado beetle dropped out of heaven by some malevolent angel to breed rapidly on reaching these shores. It is not a physical thing of that sort. It is an index of the fact that the rest of the world is not producing the things which Americans want. That is all the dollar shortage is.

Mr. Hobson (Wembley, North): Will the hon. Member indicate those things which we are not producing and which we should produce which America requires?

Mr. Pickthorn: Certainly not. I am trying to make my speech in my own way and that is not part of my argument.

Mr. Hobson: That is the hon. Member's case.

Mr. Pickthorn: Oh, no. If I may continue my speech to those who can follow me, I will do so. Has the Attorney-General explained it now?

The Attorney-General: Yes, I explained to my hon. Friend that the hon. Member has not got a case.

Mr. Pickthorn: That is not awfully good. The argument is this: the dollar shortage is no more than an index that the rest of the world is not producing enough which America wants to buy. The reasons why it is not making the goods which America wants to buy are no doubt various, but, in the main, they are political. In the main, they are not economic, in the main, they are because of disorder and unpredictability in political arrangements all over the world; and, secondly, because the planners have guessed wrong about the fundamental factors of their planning. After all, the fundamental factor in planning our situation 18 months ago was the course of American prices. The Chancellor of the Exchequer told us that course wholly surprised him and that that is the main cause of the trouble in which we now are. How then can it now be argued that immense new powers should be given in order to permit immense new planning?

The Attorney-General indicated dissent.

Mr. Pickthorn: The Attorney-General shakes his head, but he has not been here all day. I know that that was not the argument of the Lord President of the Council, but it was the argument of everyone else who has spoken from the other side of the House. I think it is most important that we should be told authoritatively on which argument the matter is to rest.

There is much else that might be said, but I wish to leave time for others, and I will finish with only one further

observation. I am sorry I have so empty a Treasury Bench to which to say this. Mr. Disraeli on one occasion compared right hon. Gentlemen on the Treasury bench to a row of extinct volcanoes.

Mr. Hobson: Tell me the old, old story.

An Hon. Member: We have heard that several times before.

Mr. Pickthorn: Not in the form in which hon. Gentlemen are now to hear it. But what would he have said of this set of little eminences, who have always had smoke in their heads and never any fire in their bellies, who have now collapsed into shapeless heaps of dust, still perceptible only by their unpatriotic impertinence in not even yet being extinct.

Mr. Blackburn (Birmingham, King's Norton): This is in many ways a sad occasion for me. Personally, I believe this to be the most important Debate in the history of this Parliament. It is not a continuation of the Economic Debate—that is not the issue at all. As I see it, the issue is whether or no the assumption by legislative action of totalitarian powers is a substitute for leadership and for vigour in public administration and in public and private enterprise. I claim that in actual fact—and I am sure that the Labour Party as a whole agree with me—the Members of the Labour Party who have spoken in support of the Government today care less for liberty than the aristocrats in 1216 who were responsible for Magna Carta.

Mr. Harold Davies: Rubbish.

Mr. Blackburn: I suggest that it is quite wrong that Parliament should now adjourn for ten weeks. I believe that the Government should come to this House of Commons with specific Measures, and that we should continue to work during the vacation, that we should set an example to the country and, one by one, should approve the Measures needed to rescue us from the crisis which has come upon us. Let me turn now to the Bill itself which is so important. In effect it states that the powers which already exist for the transition period can now be used for peace. That is the effect, and all these arguments about the doubts as to the construction of this Bill are largely irrelevant. The courts are not going to take any notice of the Home Secretary today, of the right hon. Gentleman opposite, or even of the right hon. and learned Gentleman who spoke for the Liberal Party and with almost the whole of whose speech I entirely agree.

Mr. Leslie (Sedgefield): Then why not join him?

Mr. Blackburn: I shall be dealing with that issue later. What we require are specific Measures, one after the other, in the form of legislation. If the Government are now in favour of direction of labour, surely, I am entitled to know what kind of direction? I am not going to give them a mandate for any kind of direction of labour they like. I am really astounded at the attitude of Labour Members. Under Clause I, Subsection (I, c) of the Supplies and Services (Transitional Powers) Bill, the Government have as I see it, power to utilise the existing regulations for almost anything they wish. The words have been read over and over again. What could be wider or more general than the words:

"Generally for ensuring that the whole resources of the community are available for use..."

What wider words can anybody imagine? Under Subsection (2), the great importance of which has not been sufficiently stressed, there is power to vary existing regulations. Whatever the Government may say as regards their functions I do

not believe that the courts of law would inquire into the Government's intentions. If the regulations are varied they are varied, and the courts of law have to accept them. As I see it, under this Bill and this Subsection, the Government can do anything they like to any person in this nation except throw him into prison. If I am wrong I shall be glad to be told so, but I have very little doubt about it.

Next, we will be told that it is a temporary Measure and only for this emergency—[*Interruption.*]—I hope my hon. Friend over there will remember what happened when we had military conscription. We were told that military conscription was an exceptional Measure introduced for two or three years only during the emergency. Then, when the Minister of Defence got up and announced the establishment of a Cadet Force, he referred to the introduction of military conscription as a normal peacetime measure. Are we here to see the introduction of conscription of labour as a normal peacetime Measure? It seems to me that this is completely contrary to the whole faith of the Labour Party and that the majority of its members will disagree with it. Is this in "Let us face the Future"? Was it in our Election programme? Have we any mandate for it? On the contrary, we said over and over again that it was our policy at the time of the General Election—and I challenge anyone to deny it—that we stood for a combination of economic and political democracy; no dragooning and no totalitarianism; and that we stood for increasing the freedom of the individual. That is the reason why I fought the General Election with the Labour Party, and why I supported "Let Us Face the Future." There are two kinds of Socialism. There is totalitarian Socialism in its Communist, Fascist, or similar form, and there is liberal, democratic Socialism in which I believe. The central issue we face today—

Mr. Shurmer (Birmingham, Sparkbrook): The hon. Member jumped on the wagon a few months ago.

Mr. Blackburn: I say at once that I do not believe the Government have the slightest intention to do anything totalitarian. I know perfectly well that the Home Secretary would not do it, but I am saying that hon. Members are accepting totalitarian powers. I am not saying that they are going to exercise them in a totalitarian way, but hon. Members are betraying their election pledges by allowing the Government to have totalitarian powers at this stage. In this issue, let us remember that the pressure seems to come from the so-called "Keep Left" group. They have been getting up and saying, "We said all this before." Personally, I do not think they were very open in their announcement of the coming crisis; certainly they were not as open as the realists. But who was the leader of the "Keep Left" movement in the 1929-31 Government—Sir Oswald Mosley?

Lieut.-Commander Gurney Braithwaite (Holderness): With the Minister of Food.

Mr. Blackburn: I claim that the best friends of the Labour Party are not the people trying to utilise this situation to produce this, that or the other measure which they are trying to impose in a hurry on the Government, but those who stand by the Election policy of the Labour Government. I believe that the central issue was put 2,000 years ago, when the Jews tried to make Jesus of Nazareth accept the view that he was going to stand against Roman tyranny. They asked whether it was lawful that they should pay tribute unto Cæsar. He told them to bring Him a penny, and then asked

whose image, whose subscription was on it. They said "Cæsar's," and He said:

"Render to Cæsar the things that are Cæsar's, and to God the things that are God's."

It is a tragedy of totalitarian governments that they render unto Cæsar things that are God's. Is it to be the tragedy of Western democracy that we shall neither render unto Cæsar the things that are Cæsar's, or render unto God the things that are God's. At this vital stage in our history we should set an example to the nation. We should work through the Recess, as the Leader of the Liberal Party has said. I believe there is the will to do it, and that everyone in Parliament will be willing to do it. We should work through and decide on the specific measures, giving wholehearted support to the Government to save us in the crisis, and thereby setting an example to Europe and the rest of the world.

TRADE AND COMMERCE

Raw Materials Controls (Staffs)

Brigadier Rayner asked the President of the Board of Trade how many persons are employed centrally and regionally in the operation of each individual raw material control of his Department; what is the total annual payroll in each case; and what proportion this bears to the cash value of the materials controlled.

Mr. Belcher: The cost of the headquarters staff of the Raw Materials Department (i.e., the centrally employed staff) cannot be allocated between the individual Raw Materials Controls, as it deals with general policy and with many materials for which there is no individual control. The figures given below show, therefore, the annual payroll of each individual Raw Material Trading Control based on the numbers in post on 1st July, 1947. Column 4 indicates the proportion which the payroll bears to the sales by the Controls of those raw materials in which they themselves trade.

| Controls | Staff | | Propor. Annual Payroll bears to Sale of materials by the Control in 1946-47. |
|--|---------|-----------------|--|
| | Numbers | Annual Payrolls | |
| Cotton | 460 | 175,000 | per cent. .28 |
| Fertilisers | 50 | 17,400 | .20 |
| Flax and Ramie | 95 | 38,760 | .33 |
| Hemp Coir and Kapok | 61 | 25,060 | .24 |
| Jute | 72 | 27,540 | .17 |
| Leather | 187 | 70,500 | .29 |
| Mica | 9 | 4,550 | 1.03 |
| Mollases and Industrial Alcohol | 38 | 14,050 | .12 |
| Nitrogen Supplies ... | 6 | 2,320 | .05 |
| Paper | 291 | 95,700 | .32 |
| Rubber | 95 | 40,420 | .12 |
| Silk and Rayon | 13 | 4,500 | .17 |
| Sulphuric Acid | 14 | 7,050 | .18 |
| Sundry Materials ... | 164 | 65,210 | .48 |
| Timber | 1,254 | 501,700 | .59 |
| Wool | 322 | 105,900 | .41 |

NOTES.

1. Nothing is included in the payrolls to represent the value of the services of those members of the staff who serve without remuneration from public funds. In this respect, the case of Nitrogen Supplies is exceptional since four of the staff of six come within this category.

2. In the case of Mica, the staff is now engaged on disposal of stocks only.

European Displaced Persons

Mr. Blackburn asked the Minister of Labour how many displaced persons have been brought into Great Britain in the course of the last year; how many are currently working; and if it is proposed to bring in any more.

Mr. Ness Edwards: Since October last, 20,500 displaced persons have been brought to this country under official employment schemes. Of this number 12,500 have so far been placed in employment. The answer to the last part of the Question is in the affirmative.

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