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FOR POLITICAL AND ECONOMIC REALISM

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Peace Time Controls Cause High Prices and Low Production*

A Radio Talk by ERIC D. BUTLER.

In his book, *The Problems of Leninism*, Stalin writes descriptively of "the pressure of taxation" being used to destroy the Russian farmers. It is time all Australian electors realised the fact that the present taxation policy in Australia bears little or no relation to obtaining finance for the legitimate purposes of Government; it is designed to produce certain economic results. We can best examine these results by a brief survey of what is happening on the primary production front.

The Statistician's figures reveal that in 1947 Australia had the lowest number of sheep since 1924. There were 15,000,000 fewer sheep in Australia in 1947 than in 1939.

The decline in the number of dairy cows is particularly alarming. There was a decline of 196,000 between 1939 and 1947.

Butter production has decreased by approximately 60,000 tons since 1939. There was a decrease of 7,000 tons between 1946 and 1947, and many dairy farmers are still drastically reducing their herds or going out of dairying altogether, because of high taxation and other controls.

Milk production in 1947 was approximately 128,000,000 gallons less than in 1939.

The number of beef cattle declined from 9,300,000 in 1945 to 9,200,000 in 1946. By 1947 the number had decreased still further, to 8,835,000.

The number of pigs decreased from 1,700,000 in 1944 to 1,250,000 in 1947.

In 1947 there were 2,500,000 acres less under crops than there was in 1939.

Surely these figures reveal the seriousness of the position confronting us.

If the present policy of high taxation and other controls is continued, it is certain that we can look forward to permanent shortages, rationing, black-markets, and tens of thousands of officials attempting to police the rationing.

As some people appear to think that conditions would automatically improve if a new set of politicians were elected to Canberra, it is essential that we point out that, in Canada, where there has been a Liberal Government in office for twelve years, the Canadian people are having imposed upon them the same policies being imposed in this country.

In a speech in the Canadian Parliament on February 6 of this year, Mr. Pat Ashby, M.P., showed by official figures that all primary production in Canada has seriously declined. Mr. Ashby, who is a practical farmer, estimates that there has been a total loss of 2 billion dollars worth of Canadian

livestock over the past three years—that is, during the first years of so-called peace.

British agriculture has, under the Socialist regime, also declined. When we see the same conditions being produced in all British countries by all types of Governments, it is obvious that all Governments are being used to implement a common policy.

This policy can be traced back to such institutions as the London School of Economics, the products of which hold key positions in the large bureaucracies in every country where Government has been progressively centralised. All the economic "advisers" preach a policy of more and more control.

They believe in taxation as an instrument of control.

Needless to say, most of them are openly declared Socialists. At this stage it is essential that we realise that so far from Socialism being in any way different from Communism, it is merely a slightly different road to the same objective being pursued by the Communists.

The Canadian Socialist journal, *People's Weekly*, in November 1946, published the following: "Joseph Stalin . . . in a two-hour conversation in the Kremlin, told Morgan Phillips there were two roads to Socialism—the Russian way and the British way."

John Hladun, former Communist Party member, who was sent to Moscow for special training, and who wrote a series of articles entitled, "They Taught Me Treason," has written: "In a Socialist economy, one control tends to cause another, until, as a logical result, the State controls and finally owns everything. Out and out Socialism cannot help developing into Communism . . . Socialism is a dangerous experiment—a fore-runner of Communism" (Vide Hladun's paper, *The Worker*, January 26, 1948).

Now, in view of this obvious fact that Socialism, like Communism, leads to the Monopoly State, it is dangerously mis-leading for Mr. Casey to come back from Great Britain and announce that the Communists were being successfully dealt with by the British Government, when that Government contains men such as Sir Stafford Cripps, who, only a few years ago, was demanding a united front between the Socialists and the Communists.

Cripps is also on record as saying that he hoped to see the end of the British Empire in his time. As we said in our talk last week, the British Empire is a major barrier to the creation of a complete World Monopoly, which is the reason why it is being attacked by powerful international groups from within and without.

One of the major techniques of destroying our British democratic way of life from within, is the delegation of Parliamentary responsibility to a bureaucracy which governs by decrees and regulations. It is essential that we clearly understand this important aspect of the campaign of destruction being waged against us.

When we are told during the next few weeks up until

*From *The New Times* (Melbourne) of May 14.

the Referendum, that we are merely being asked to grant powers to our own elected representatives at Canberra, we should remember that it is not true that our elected representatives will be handling the increased powers. *Canberra already has too much power*, so much so that government could not be carried on unless bureaucrats are given great powers. If Members of Parliament cannot be personally responsible for all government from Canberra at present, it is surely obvious that it is folly to grant still further powers to Canberra—*powers which will have to be also delegated to the bureaucracy.*

Although we were told during the war years that the number of bureaucrats would be reduced after the war, the fact must be faced *that the number is actually increasing at an average rate of approximately 1,500 per month.*

If electors vote Yes on May 29, they are simply voting for a continuation of government bureaucracy. *They are voting for the destruction of responsible government.*

It must be admitted, of course, that the present Labour Government did not initiate the policy of destroying responsible government by bureaucratic despotism. Long before the Labour Party came to office, the non-Labour Parties were delegating parliamentary responsibility to an expanding bureaucracy.

At present Mr. Menzies speaks of the evils of government by regulation, but it is interesting to recall many of his statements, made when he was Prime Minister. The *Sydney Daily Telegraph* of November 11, 1940, reports Mr. Menzies as saying: "I once made a speech on the dangers of government by regulation, but I have come to know better." In 1938 Mr. Menzies said: "Constitutional amendments have been far too frequently regarded as party matters" (vide *Sydney Morning Herald*, November 23, 1938).

Well may it be asked: Is Mr. Menzies merely opposing greater power for Canberra because he is Leader of the Opposition? Would he be asking for the same powers if he were holding the reins of government? We can best examine this question by examining another statement made by Mr. Menzies when he was Prime Minister.

The *Sydney Morning Herald* of August 20, 1941, published the following: "The Prime Minister, Mr. Menzies, in a speech to 300 business men who entertained him at a dinner at the Australia Hotel last night, expressed his conviction that the war-time controls now being exercised by the Federal Government would continue to operate after the war . . . In the last two years you have seen the introduction of profits control and prices regulation. You have seen new departments lay their hands on private enterprise, and policies pursued which are designed to affect the cost of living and interest rates. I hope that none of you will imagine that these just and equitable things that have been done during the war will cease when peace has been won. They will not."

Mr. Chifley and his associates are certainly ensuring that the "just and equitable" things mentioned by Mr. Menzies are carried on.

During the war years Mr. Menzies also agreed with Mr. Chifley that there would have to be permanent high taxation after the war.

Bearing in mind all these facts, it can be seen that the coming Referendum has got nothing to do with party politics. A Government led by Mr. Menzies would in all probability be imposing the same basic policies being imposed by Mr.

Chifley. *All modern Central Governments, irrespective of their labels, are merely instruments through which the generals of the growing bureaucratic "army of occupation," the economic "advisers," impose their policies of destruction.*

The famous pro-Communist, Professor Harold Laski, of the London School of Economics, once said that the people never agree to abolish their constitutional safeguards unless there is a great economic or political upheaval.

In other words, the fabric of society must be first loosened in order that the people can be persuaded, under so-called emergency conditions, to hand over increased powers to their bureaucratic masters.

Our enemies create an intolerable situation, and then offer to save us if we will accept a situation that is barely tolerable. *The very essence of Socialism and Communism is the centralisation of power, irrespective of who does the centralising.*

Prices are soaring today, in spite of so-called Price Control, simply because those asking for permanent Price and Rent Control have deliberately pursued policies of high taxation and other controls which have created inflation.

If it is argued that those personally responsible for these policies have not imposed them deliberately, it is then obvious that they are so dangerously incompetent that the proposition that they be given increased powers be firmly rejected on May 29.

PARLIAMENT

House of Commons: July 5, 1948.

European Economic Co-operation

The Chancellor of the Exchequer (Sir Stafford Cripps):
 . . . I now turn to the Economic Co-operation Agreement which is in Cmd. 7446 and the second White Paper, Cmd. 7447, which deals with Western Germany.

. . . There is one other remark of a general character which I should like to make as regards our approach to this Agreement. The Congress of the U.S.A. has laid down in the European Co-operation Act certain requirements as to the content of the bilateral agreements, of which, of course, this is one. Those agreements have to be entered into as a condition of any country continuing to receive E.R.P. aid after the 3rd—now in effect it is the 6th—of July.

Some people have suggested that those requirements are unreasonable. I ask them for a moment to put themselves in the place of the members of Congress or of the ordinary United States citizen. The citizens of the United States are taking a step, unexampled in world history, to give away vast quantities of goods for which they will have to pay. Whatever view we may take as to whether this will in the long run be of help to them or how necessary it is for their own economy at the present time, we must recognise that it is an action of great immediate generosity and enlightenment to offer to undertake such a programme, and they are fully entitled, as we should feel ourselves entitled in like circumstances, to take steps to ensure that their aid achieves the aim it is designed to accomplish. . . .

. . . I now come to the details of the Agreement and I will run through the various articles with such comment as I hope may assist the House in their understanding of the

document. It would perhaps be convenient to hon. Members if they were to have the document in their hands. The Preamble sets out the joint desires of the two Governments as regards the carrying out of the E.R.P. Programme, and stresses the need for Western European co-operation to make it effective. I emphasise once again that E.R.P. is essentially a scheme designed to help Europe as a whole and not merely to assist participating countries individually.

Article I consists of three paragraphs. In the first the Government of the U.S.A. undertakes to assist us by making available aid either to the Government or any trader designated by them, where goods are bought by private contract and not through Government buying organisations, in accordance with requests submitted by us and as approved by the Government of the United States of America. That will, in effect, be approval by the Administrator to whom that task has been delegated by the Government. The assistance is to be in accordance with the Economic Co-operation Act, or any amendment to it, and is to be limited as set out in the Act.

In section 2 we state our reciprocal obligations that, individually and in co-operation with O.E.E.C., in accordance with the Paris Convention, we will exert sustained efforts—and those are the operative words—to enable ourselves and Europe to become independent of extraordinary outside assistance within the term of the Agreement, that is, before June 30, 1953. We also re-affirm our intention to carry out the general obligations of the Paris Convention, and to continue to adhere to the purposes and policies of the Economic Co-operation Act. Those are the general obligations, and they make it clear that we are determined to make the O.E.E.C. successful and effective, which is, of course, our wish and our intention.

Section 3 deals with what have come to be called off-shore purchases, that is, purchases made by us with E.R.P. dollars from third countries. We undertake to make such purchases on reasonable terms and at reasonable prices—a provision that I am very glad to see in this Agreement—and so to arrange that any dollars we thus spend are spent in accordance with any arrangement made between the United States and the third country. If, for instance, the United States agree with such a country, maybe Canada or the Argentine, a price level at which a certain class of goods are to be sold or above which they are not to be sold, then we will not pay more than that price; that is the agreement stated in this section. . . .

Article II is in many ways the most important article in the Agreement, as it lays down our obligations—and those of course, of other participating countries—as regards the requirements of Congress contained in Section 115 (b) of the Economic Co-operation Act, which deals with the provisions that are, where applicable, to be inserted in the bilateral agreements. The opening words of Section I of Article II are most important because they define our obligation as regards all the various matters dealt with in all the paragraphs (a), (b), (c) and (d). I would, therefore, like to read them:

"In order to achieve the maximum recovery through the employment of assistance received from the Government of the U.S.A., the Government of the U.K. will use its best endeavours. . . ." It is to be remarked that this does not bind us to any specific act at all; it states that we will do our best to achieve certain objectives, but we are complete masters in our own house as to how we can best achieve those ends.

Section I sets out that we will use our best endeavours—to repeat the introductory words—to adopt or maintain the

measures necessary to ensure use of all our resources, and then specifies certain of those measures in paragraphs (a), (b), (c) and (d) which follow. I here draw attention to the word "maintain," because so far as we are concerned, but not necessarily in the case of other countries, it is rather a question of continuing our present policies than adopting any new ones.

Sub-paragraph (i) includes measures to see that commodities and services furnished under E.R.P. are used for the purpose for which they were obtained—not misused, that is to say—and for the general purposes outlined in the schedules which we furnish with our requests for aid. It will be necessary, therefore, for us to see that those schedules cover the uses to which we desire to put the goods, including, in the case of some raw materials, our desire and need to export the goods made from them. An interpretative note on this sub-paragraph which appears on page 12 of the document makes it clear that amongst other things the purpose of this sub-paragraph is to keep goods off the black market.

Sub-paragraph (ii) deals with follow-up procedure, and is in conformity with the Convention of O.E.E.C., and I think I need say no more on it. Sub-paragraph (iii) deals with our assets in the United States of America, and stipulates, first, their identification, which we have, of course, done long ago, though some other countries have not, we believe; second, that having identified them, we should put them into appropriate use to assist the European recovery; but, third, that nothing imposes any obligation upon us to dispose of such assets.

Now if this stood alone, it might require us to mortgage those assets or deal with them in some similar way, but we have already, of course, as the House knows, done a great deal long ago in that direction, more I think than any other country. We therefore sought an explanation of the views of the United States Government upon our obligations under this sub-paragraph. The U.S.A. Government stated, and agreed that I could so report to this House, that it is their view that the measures now in effect in the United Kingdom adequately fulfil the obligations of His Majesty's Government under this paragraph. . . .

Paragraph (b) states generally that we will use our best endeavours to promote our industrial and agricultural production on a sound economic basis, and to carry out any production targets fixed by O.E.E.C., on which body of course we shall have already agreed any such targets, because all decisions there must be unanimous. These, again, are our avowed objectives and add nothing to our existing policies. The paragraph further provides that in the case of projects contemplated to be undertaken by the Government of the United Kingdom in substantial part with E.R.P. assistance, we will communicate to the Government of the U.S.A. detailed proposals for those specific projects. That seems to me a perfectly reasonable undertaking if those projects are substantially to be financed by E.R.P. aid.

By paragraph (c) we undertake to use our best endeavours to stabilise our currency, establish or maintain—in our case it is, of course, maintain—a valid rate of exchange—

Mr. Boothby (Aberdeen and Kincardine, Eastern): What is that?

Sir S. Cripps: —balance our budget, maintain internal financial stability and generally maintain confidence in our monetary system. These are all objectives that this Govern-

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Saturday, July 17, 1948.

From Week to Week

"American pilgrims of our own generation simply do not know enough about anything to find out about anything more."—Ezra Pound.

A distinguished and competent Australian Social Crediter recently addressed a meeting of bankers in connection with the proposed nationalisation of the Australian Banks.

One of his audience commented, "After hearing what Social Crediters are really trying to accomplish, I have come to the conclusion that some so-called Social Crediters are the worst enemies Social Credit has."

Well, of course, we prefer that someone else should have said it.

"AS EASY AS A.B.C." (Atom Bomb Control)
Atomic Energy Commission:

David E. Lilienthal (Jew), ex-chairman Tennessee Valley Authority, (Chairman).

Lewis E. Strauss (Jew).

Robert F. Bacher (Jew).

William W. Waymack (?).

Sumner T. Pike (?).

It is becoming daily more obvious that the proximate agency for the suppression of vital information (which is not to say that it is the ultimate power) is Freemasonry.

While the financial-technical aspect of Social Credit was heartily disliked and ridiculed in influential quarters, it is possible to recognise in retrospect a well-known phenomenon—that an incomplete case always affords an opportunity to those who are in possession of one more comprehensive. Quite inevitably and logically, the financial-technical aspect of Social Credit was an attack on bankers, although a carefully premised attack.

Anyone who heard the late, and much belauded President of the United States deliver his Inaugural Address in 1933 when the economic life of the North American continent was paralysed, must be pardoned for believing, as so many Social Crediters did believe, that here was Social Credit enthroned in the seats of the mighty. No attack ever made in this country was half so virulent as that upon *bankers* (neither the system nor the money power) by the late Franklin Delano Roosevelt.

The closest attention was directed to this speech by qualified Social Crediters, and the conclusion was reached that it was a centralising speech—a conclusion soon confirmed by everything connected with the New Deal, including its *personnel*. The Buxton speech and policy was the outcome

of this conclusion. But the point we have in mind at the moment is that some—quite a large number—of bankers were thrown to the wolves of an unrestricted and condemnatory publicity. Banking, *as such*, was clearly not the Ark of the Covenant, and since hearing Mr. Roosevelt we have still more closely defined our criticism of banks. Centralisation was the signpost, and at the centre would be found the Centralisers.

Let us consider the views of Mr. Douglas Reed, whom we believe to be both well-informed and courageous. Writing in *London Tidings* of September 14, 1946, he observes "Is there an organised power in the world which pursues some world-wide aim and is powerful enough to promote, manipulate and prolong wars between nations and in the pursuit of this aim? Is there a super-national conspiracy, directed against the freedom of *all* peoples, which uses such men as Hitler as its servants? The strongest evidence in favour of this theory seems to us to be that there is a powerful ban, in practice, on the very suggestion; the mention of the word conspiracy is taboo. Politicians and newspapers shun it. Yet we have had abundant recent proofs that conspiracy is a very real and living thing in the world. The essence of conspiracy is secrecy. To our mind, that is why all attempts to penetrate this secrecy are so severely repressed. But they are also the proof that powerful conspiracy exists; they would not otherwise be necessary."

Ideas, and even whole paragraphs (but never those relating to a conspiracy) which first see the light in *The Social Crediter* can be read in increasing numbers in various reviews and periodicals, and with the exception of journals carefully branded as crankish (*i.e.*, courageous), almost invariably without acknowledgment. So far from objecting to this, we welcome it; but that does not alter the confirmation the procedure gives to Mr. Reed's thesis, which is also ours.

LOW TIDE.

To anyone with an elementary understanding of the foundations of British World Power it is axiomatic that prestige the psychological component of credit, was of the very essence of it. Never in all history was British military, naval, air, and industrial power so great as in 1945; and never in the past four hundred years has British influence on world affairs been less effective than in the three years which have followed. It is not material power which we have forfeited, it is respect, prestige. A Nation which is represented by Tinkers Cuss Shinwells and Squalid Nuisance Aneurin Bevens, who hate the leaders of the nineteenth century (and are not even intelligent enough to distinguish them from the Whigs of the twentieth) mainly because they inspired respect, is not one which need be taken very seriously.

But we think the limits of our abasement must have been reached by the world-wide publication of "what seemed to be a clinging hug" (*Truth*) administered to the granddaughter of Sir Ernest Cassel, wife of the Viceroy of His Britannic Majesty, *ci-devant* Emperor of India. The face of the exemplar of British feminine culture is, perhaps fortunately, hidden. But the simian grin on the countenance of Mr. Rajagopalachari who administered the embrace, must be an assurance to all Asia that we can be counted out.

To the countless millions of illiterate and semi-literate peasants to whom it will be shown, the picture conveys one meaning, and one meaning only.

A Canadian Broadcast

(By Mr. P. H. ASHBY, M.P., June 22)

This is my report to you, the people of Edmonton East who elected me as your representative in the parliament of Canada. I make this report to you because I am working for you—and you are the only authority I recognise. I do not work for a political party of any kind and I take no orders nor any instructions from any organisation whatsoever, nor do I accept any payment of any kind from any individuals or associations. The only thing I accept is this offer of our free radio stations to use their facilities to report to you. These reports from Parliament Hill are sponsored by the free radio stations throughout Canada solely as a public service, without taxation, and this time is made available to all Members of Parliament from the Atlantic to the Pacific coasts whether they believe in Liberalism or Socialism, Conservatism or Communism, or like myself, to those who believe in honestly representing the people. All are given the same time and the same privileges of saying what they think. That is a real service to the people, a service that gives the people freedom of choice.

I am an elected Member of Parliament. That means that I should be able to join with other elected Members and together so manage your affairs that you, the people as a whole, obtain the greatest possible benefits from this association we call Canada Unlimited. But I find the party politician is not interested in the people and I find the great majority of the people are so busy doing their duty and are so loyal and honest to one another that they never imagine others are not doing their duty and are not honest and loyal to them.

The people of Canada associate in many and varied ways and together we have learned how to produce an abundance of all the things we want from tiny finishing nails to massive engines, or steel bridges; beautiful automobiles, great ships that can cross the oceans of the world, or lovely homes with every modern convenience.

We know this is true for we see these things every day of our lives. And we know very well that we produce all this real wealth for one purpose only and that is to be able to use it ourselves. If we work and toil, and sweat and produce all this wealth for others to use, we must be the slaves of those who *do* use it and who benefit at the expense of our toil. That is just what we are. We, the people, the men and women who work with their hands and those who honestly associate in this great enterprise of Canada Unlimited, are now but the slaves of those who benefit most from our efforts. And in order to keep us at work producing for these self-appointed masters, we are forced to hand over the greater part of our hard earned wages and salaries to the tax collectors, and give them a record of all our possessions, our earnings, and our private affairs. Today, these bureaucrats have an almost complete record of every human slave in this once free land of ours. For years now, those who have had charge of our educational institutions have sadly neglected their duties, for they have never told us of the cunning tricks of the party politicians and bureaucrats, but rather joined with them. We have been taught to believe that when we have elected a political party our work is finished until the next election; that we had then done our part and we should leave our business in the hands of these racketeers to manage as they saw fit.

Nothing could be more disastrous. From my personal contact and experience with these party politicians and their

political party heelers who have been given the choicest jobs in the various government departments, I can assure you that I would never for one moment consent to any of these men taking over the control and management of my own private business, for I know full well they would so mismanage and abuse it, that they would wreck it completely as they have mismanaged and abused this business of Canada Unlimited and brought it down to a debt-ridden country with hundreds and thousands of war maimed heroes and acres of graves of the dead, to say nothing of the mental and physical suffering of the crippled and toil weary old folks.

Good managers of a business are not easy to find for each must know his business thoroughly and be a man of honesty and integrity. Such men could never be selected by the methods used by party politicians to get elected. These party politicians are not interested in doing a job. They are interested only in having the job with the pay that goes with it. If a man does not possess the courage and the ability to build up and efficiently manage a successful business of his own he cannot be expected to efficiently manage this tremendous business of Canada unlimited, with all its many and varied branches from agriculture to mining; from fisheries to manufacturing, doing billions of dollars worth of business annually.

There is the trouble. These party politicians and their political heelers are not qualified to control and manage our business. That is my candid opinion.

By the time this report comes to you, this session may have come to a close, but it is not finished by any means. This business of mis-managing your affairs never ceases. All that has happened this session is that the original plans of party politicians and bureaucrats in power have been approved and have become law. The powers that be will now begin planning the legislation they will pass at the next session.

All Members of Parliament, as well as all members of provincial and municipal governments, are elected by the people for no other purpose than to represent the people and their will. Many of these elected individuals appear alright when first elected, but sooner or later they are influenced by the political party and they either toe the party line or they do not get the nomination again. I have seen these party politicians at work. Party politics is rotten and you can't keep a good apple sound in a barrel of rotters. That is why I will have nothing to do with any of them.

What are we going to do about it? That is the question. This is what we have to do. Now, listen folks, our people have been led to believe that when they have voted, their job has been done. Even our Edmonton Junior Chamber of Commerce is using the slogan "We don't care how you vote, but get out and vote." And they stop there. I can tell you that voting is but the first of our duties and a very important duty too but it is not the last. Having elected an individual, whether it be in a municipal government, a provincial government, or the federal government, our next step is to see to it that we, the people, get what we want. Others get what they want. But before we can get what we want we must insist on the removal of the shackles that prevent us from getting what we want. It is no use asking for a baseball bat to play ball when our hands are tied behind our backs. The thing to do is demand the removal of the handcuffs first.

That is why I constantly hammer away against forced taxation, for taxation robs us of the freedom to choose or refuse what we want. We do not have to take what these party politicians and bureaucrats decide we shall have. And

don't believe any political party government that tells you they are giving you free services. You pay for everything you get and a great deal you don't get. All any government does is force you to hand over the greater part of your hard-earned money to them, either by direct or indirect taxation. They take out their own indemnities and the salaries of their political heelers first and give you back about 35 cents worth of services out of every dollar they have collected. Left alone you could have obtained three times as much for your dollar. Every Canadian citizen that earns an honest living is keeping at least one bureaucrat well fed, well clothed and well housed. In fact, better fed, better clothed and better housed than you are yourselves.

I feel it is my duty as your elected representative to point these things out to you and to get every loyal Canadian to understand that all governments were created by the people and exist to serve the people. To obtain the results we all desire from the administration of our affairs, we must unite as did our forefathers at Runnymede and by sheer pressure compel these governments to produce the results we desire. We must rid ourselves of this false idea of supporting political parties. We must get together and support ourselves. These party politicians have been telling us what they shall do. Our duty is to reverse the process and tell them what we shall have. In other words, instead of splitting ourselves up into political party groups and rendering ourselves ineffective, we must associate in one great body of voters and electors for the express purpose of freeing ourselves from this malignant disease of party politics, and then control our own governments.

This is the kind of work I have undertaken in all my spare time and the results are encouraging. More and more people are beginning to realise they have been deceived. More and more people are beginning to learn that in association working together, we can get what we want. It is this power we possess when united that overcomes all opposition. But let us unite for good and not for evil. It is right and it is just that those who earn an honest living should be able to live in peace, freedom, and in security. We do not want to interfere with the freedom of others, nor do we want to take from others anything they may possess. All we want is the freedom to choose or refuse what we want from the abundance we, in association, produce.

I shall be glad to hear from interested listeners.

PARLIAMENT (continued from page 3)

ment has emphasised over and over again. . . .

Mr. Boothby: Who decides what is to be "a valid rate of exchange"?

Sir S. Cripps: We decide. We say that we will maintain "a valid rate of exchange." The important word as far as we are concerned is "a," especially when one looks at what is happening in some other countries. Interpretative note number 2 explains that the objective of balancing the Budget does not preclude short period deficits if it means a policy involving a balance in the long run. That also is obviously consistent with our policy.

Paragraph (d) again sets out an objective enshrined in the convention of Paris and, indeed, generally accepted as desirable, that is co-operation to bring about a freer exchange of goods, the objective being to get as much multilateral trade in Europe as possible.

Section 2 of Article II relates to the effective use of European manpower, particularly as dealt with under Article

8 of the Paris Convention. Here we state that we will accord sympathetic consideration to proposals made for the largest practicable use of manpower available in any participating country so as to make the most of European resources. We have probably done as much as, or more than, anyone else along these lines by way of introducing E.V.Ws., employing Poles and so forth, and we shall, of course, be glad to continue to look at this problem with sympathy and with a desire to help.

Section 3 binds us, in the matter of the prevention of restrictive practices which might interfere with European recovery, and it binds us to take such measures as we deem appropriate to prevent, in co-operation with other participating countries, such practices. This fits in with the provisions of the Havana Charter on this subject with our own Bill which is now passing through Parliament and leaves us to decide what we shall do in the event of any such case occurring. . . .

I now turn to Article III. This deals with the case where under Section III (b) (3) of the Economic Co-operation Act, the Administrator may guarantee up to a total of 300 million dollars over the whole period of the aid, investments made by Americans in projects in the participating countries the object of which is to further the objects of E.R.P. We agree to consultation as to such projects in the United Kingdom—that, of course, covers the acceding Colonies as well—which are subject to the approval of His Majesty's Government, under Section III (b) (3), and in the event of any such guarantees being given and the Government of the U.S.A. making payments of dollars under them to any American citizen and having assigned to them sterling in return, we say we shall recognise such sterling as the property of the U.S.A. Government, which seems to me to be a natural consequence of such a series of events.

Mr. Oliver Lyttelton (Aldershot): Does it mean it is remittable?

Sir S. Cripps: No, it is not remittable. It is sterling belonging to the United States. The United States will themselves have done the remitting operation by paying the guarantee of dollars to the American investor.

Now we come to Article IV. This provides the machinery whereby the sterling equivalent of any grant aid is to be dealt with, and only grant aid—our Loan aid, in this case. The commodities or services granted will, of course, be sold in this country for sterling. The sterling equivalent of the dollar price paid for the goods will be paid into a special account at the Bank of England in the name of His Majesty's Government. The balance standing to the credit of the account will be published as a separate item each week in the Bank return. The sums paid into the account will consist, as I have said, of the sterling equivalent at the par value agreed with the International Monetary Fund—at Present 4.03 dollars to £1. The sterling equivalent, on that basis, of the dollar cost to E.C.A. in the U.S.A. of the goods and services provided on a grant basis. The amount will, therefore, not necessarily be the same as the proceeds of sale received in this country where the goods will be sold in accordance with the ordinary price structure of the country. It will be the equivalent of the dollar amount paid for the goods.

Under the Article up to 5 per cent. of this fund will be allocated for expenditure by the Government of U.S.A. upon the local administrative services of the U.S.A. in connection with E.R.P. and for expenditure by the U.S.A. under Article V upon strategic materials. The effect of this latter provision

is in effect to decrease the amount of grant by 5 *per cent.* because, up to that amount we shall probably be providing for sterling those goods for which otherwise we should have received dollars in the normal course of trade. . . .

That leaves a balance of roughly 95 *per cent.* in the account to be drawn on under proposals made by His Majesty's Government and agreed by the U.S. Government as provided under Section 6 of Article IV. We plan to establish a close link between the machinery for depositing sterling in the special account and the arrangements for drawing out of that account. The particular avenues of disposal are indicated in paragraphs (a), (b) and (c) of Section 6.

Though purpose (c), "the effective retirement of the National Debt," comes third in the list, as I indicated when I spoke in the House about the matter earlier, we give it first place. The Economic Co-operation Act lays down "internal monetary and financial stabilisation" as the first of the approved purposes to which the special account shall be put, and these words are reproduced in this paragraph of Article IV. This purpose can be most easily and effectively carried out by the extinction of Government Debt, either short-term or long-term, according as the internal monetary situation may require. The total amount of sterling to be paid into the special account will be very large and the bulk is bound to be applied in debt redemption, for which of course we already have the necessary Parliamentary authority.

I am glad to say that it has already been indicated to us that the United States Government share the view that first place should be given to debt extinction, and that the special account should be managed from the start so as to give continuous and continuing effect to this policy. We have in fact discussed with the United States the general principles of the use of these funds. . . .

. . . I now come to Article V, which is again a very important Article. It deals with materials originating in the United Kingdom for which purposes the acceding colonies are also included, which materials the Government of the U.S.A. desire to have for stock piling or other purposes, as a result of deficiencies, or potential deficiencies, of its own resources. It is right that in view of the large amount of materials to be supplied to us and other participating countries we should help to make available to the U.S.A. commodities of which they are or expect to be short.

These materials will be paid for in dollars, or their equivalent, except in so far as they can be bought with the 5 *per cent.* of the special sterling account which I have already dealt with under Article IV. We agree to facilitate the transfer upon such reasonable terms and in such reasonable quantities as we subsequently agree with the Government of the U.S.A., such materials as they require, due regard being had to our own reasonable requirements for domestic use and commercial export.

The interpretative note number 5 makes it clear that such reasonable use includes the maintenance of reasonable stocks and that commercial export may also include barter transactions. . . . We agree also to promote increased production of specific materials if this should prove necessary. Under section 2 of the article we agree, if so requested, to negotiate a plan of minimum availabilities to the U.S.A. of such materials at world market prices so that the U.S.A. may get a fair share of such materials.

We also agree to negotiate, where necessary, arrangements providing their nationals with equal treatment as com-

pared with our own in access to such materials. That would of course apply almost exclusively to the colonial territories. It has long been our normal practice to extend such equality of treatment to the United States and, indeed, to other foreign firms, and under such arrangements we should need to do no more than undertake to continue this normal practice for a suitable future period. Finally, we agree to negotiate an agreed schedule of increased production of such materials if necessary on the basis of the United States taking a fair share of them. Any such arrangement, however, is to be on a long-term, and not on a short-term basis for the obvious reason that we might get landed with a largely expanded production for a short period which it would then be difficult to dispose of.

Mr. Oliver Stanley (Bristol, West): This share of the increased production, I gather, will be transferred free to the United States of America, and not paid for in dollars?

Sir S. Cripps: No, it will all be paid for.

Mr. Stanley: What is the meaning then of "in consideration of assistance furnished" by this Agreement?

Sir S. Cripps: We are undertaking various obligations as regards access to raw materials and for that reason we put in that particular phrase "in consideration of assistance" they have given us. That is a mere general phrase. It does not mean that they do not pay for them. The only provision as regards not paying for them in dollars is the one under Article IV not Article V. Otherwise they pay in the ordinary commercial way for the goods.

Under section 3 we agree where the materials originate outside the United Kingdom, and that means outside the acceding Colonies as well, to co-operate to implement the purposes of the Article. That would mean that if for instance a British company was developing certain rights in South America we would to the best of our ability see that the United States as well as ourselves had access to those raw materials. To this Article the United States Government attaches, understandably I think, considerable importance, and we feel it is reasonable that there should be provision for their continued access to raw materials as a small return for all the help they are giving to us and to other European countries.

Now I pass to Article VI—

Viscount Hinchinbrooke (Dorset, Southern): In regard to Article V, will the Chancellor explain how the stock-piling programme of the United States is limited to 5 *per cent.*? He indicated a tie-up between the stock-piling programme and the 5 *per cent.* mentioned in Article IV. There is no mention of a *percentage* in Article V.

Sir S. Cripps: It is not a tie-up at all in a direct sense. . . . There is no limit to the amount they can ask for or which we agree to let them have under Article V, which is not related at all to Article IV. It is only a question of how much of what they get they can pay for in sterling. The rest they will pay for in dollars.

I can deal with Article VI very shortly. Section 1 is to encourage visits by United States citizens to Europe, which we all desire and welcome as a means of getting dollars. . . .

I now turn to Article VII. The first section is a general arrangement for consultation upon any matter relating to the application or carrying out of the Agreement at the request of either party. . . .

. . . By section 2 we undertake to provide the Government of the United States with all necessary information in a form and at times indicated by them after consultation with us covering those matters arising out of aid and set out in Para-

graphs (a), (b) and (c) of the article.

It is made clear in the interpretative note that this does not cover minor projects or, which is more important, confidential, commercial or technical information the disclosure of which would injure legitimate commercial interests in this country. . . .

Article VIII deals with publicity for the E.R.P. scheme and recognises that the whole subject matter of European recovery requires constant explanation and publicity to help in its success. Otherwise, I think the article speaks for itself. Article IX which goes with interpretative note 8, provides for the reception here of the special E.C.A. Mission of the United States of America. We are very delighted to welcome it here under so able and experienced an administrator as Mr. Finletter, as it will be of the greatest help to us in discharging our part in all the programming and other arrangements that have to be made. May I also add how fortunate we are to have so distinguished and statesmanlike a figure as Mr. Averell Harriman as the European head of the E.C. Administration? Under section 2, the members of the Mission, on nomination by the United States Ambassador, will be given appropriate diplomatic privileges. . . .

I come to Article XI. This is the interpretation article and is only of importance in so far as it brings into the definition of the United Kingdom those territories dealt with in Article XII. This latter article must be read with the text of the note appearing on page 13 of the White Paper and they both deal with Colonial accession.

There is a reference in the article to a schedule which is not printed as it could not be finished until the last minute, obviously. However, all Colonial Governments have signified their willingness to accede, with the exception of Barbados, Bermuda, British Guiana, British Honduras, the Federation of Malaya, Gold Coast, Jamaica, Leeward Islands, North Borneo, Northern Rhodesia, and Trinidad, all of which require more time for local consideration by their local legislature, and so on. We have no reason whatever to suppose that any of these Colonies will not be willing to accede—indeed, it is possible that some of them will have given their assent before the end of this Debate.

Sir Arthur Salter (Oxford University): Will these provisions as to stock piles originating in the United Kingdom technically apply to similar quantities originating in the Colonies as those Colonies accede?

Sir S. Cripps: Certainly. As I have already stated the "United Kingdom" in Article V covers all acceding Colonies. Apart from this list, which we shall attach when it is ready as a schedule to the Agreement, we can subsequently notify adherence of any other territories for whose international relations we are responsible. . . . We state that we expect most Colonial Governments to accede, but recognise that if some of the more important territories do not agree to participate within a reasonable period then the United States would be entitled to regard that as a matter of major importance entitling them to reconsider the form and continuance of aid to the United Kingdom. That provision, of course, largely arises from the desire of the United States Government to protect itself against the consequences of the non-adherence of those territories which are the principal producers of strategic raw materials, which the United States may wish to acquire.

Finally, I come to Article XIII which sets the term for the Agreement. It comes into operation on the day of signature, which we hope will be tomorrow night, in order to

avoid any hiatus in the aid. That, of course, is subject to Parliament approving the Motion I am moving. It will remain in force until June 30, 1953—provided six month's notice is given to terminate on that date, otherwise it runs on till six months after the notice is given. . . .

[At some risk of overburdening our columns, but in view of the importance of the discussion, further extracts from the Debate will be published next week.]

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