

# THE SOCIAL CREDITOR

## FOR POLITICAL AND ECONOMIC REALISM

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### An Introduction to Social Credit

By BRYAN W. MONAHAN

ECONOMICS (continued)

(3)

The second consequence of the proposition that costs exceed purchasing-power is the existence of an expanding debt. Our proposition is quite general; it applies to any given economic area. We have seen that a surplus of exports over imports solves the problem for a particular area, but only at the expense of compounding the problem in another area; some nations become creditor nations, but others become debtors; and we should expect to find that the total of general indebtedness exceeds credits, and exceeds them more and more as time goes on.

This is, in fact, exactly what we do find. But not only do we find this increasing international indebtedness, but we find that every industrial nation has an internal debt which exceeds the total amount of its currency. This constant rise in debt has been stated by the Technocracy Group to be at the rate of the fourth power of time, one hundred years being taken as the unit. It is, and can only be, the reflection in time of the cumulative gap between purchasing power and prices.

If the "surplus" goods are not to be destroyed, and their cost "written off," nor disposed of in any equivalent manner, then a source of purchasing-power other than that distributed in the course of their production must come from somewhere. This source is the banks, which, by creating new and additional money, known as bank-credit, make good the gap, and record it as debt.

Before we examine the mechanism of this device, it is necessary to emphasise that the continuous growth of debt is an objective fact which any one can confirm for himself; that such a growth of debt is an expected consequence of the proposition that costs exceed purchasing-power; and that the finding of the fact is an inductive proof of the proposition.

A third inductive proof may be given in Major Douglas's words: It is found "in examining the assessments for Death Duties in Great Britain and elsewhere, in which it will invariably be found that an estate alleged to be worth, let us say, £100,000 and taxed in money on that sum, consists only to the extent of two or three *per cent.* in purchasing power, the remainder of the estate being in assets of one kind or another which have price values attached to them, and require purchasing power to buy them." This is an indication of "the immense excess of price values over purchasing power," and similar information can be obtained by examining the assets of businesses generally. The total price value of all assets could not be met at any given instant by the amount of purchasing power in existence at that instant—a fact which again can be confirmed by anyone who cares to examine the figures of valuation of assets and of existing purchasing power.

Again, we can take the growing of foodstuffs and the production of raw materials. It is a commonplace to "value" say a wheat or wool crop at so many million pounds. The production of a crop undoubtedly creates an asset; but it does not create purchasing power. Now realistically, so long as there is a real demand in the world for the whole of that crop, the whole of that crop is a real asset; but because it does not bring its purchase price in the form of money into existence, increased production results in a lower price per unit, and "over-production" in the monetary sense; and despite a real physical demand for the crops, the situation does result in the ruin of the producer, or the arbitrary destruction of the crop "to keep prices up." This is simply another indication that there is no automatic relation between the "value" of assets and the purchasing power available to liquidate those values.

Now, disregarding "cost" and "value," the price of an article is "what it will fetch," and this depends on the number of articles, their relative desirability, and the amount of money available. In the absence of special "stabilisation" schemes, this system actually does determine the price of primary products, which in consequence show great variations from year to year in their price. The real physical demand for foodstuffs in particular is, however, an extremely stable quantity, since the capacity of the individual to consume is limited, and the number of individuals in a given area is subject only to slow fluctuations. But the *monetary* demand for foodstuffs, *etc.*, is a variable quantity, and a low purchasing power may coincide with a bountiful production, resulting in a ruinous fall in prices; that is to say, there is no ascertainable relation between the growing of foodstuffs and the availability of money.

Instability in an essentially stable process of primary production is another consequence to be expected from a general deficiency of purchasing power. It is true that at times primary production meets a high-purchasing power; the reasons for this are most conveniently dealt with in a subsequent stage of the argument.

In general, however, we can see that the theory of a cumulative deficiency of purchasing power in relation to costs fits the objective facts of the world's economy. It explains the search for expanding export-markets, accompanied by tariff barriers to imports—trade war, culminating in military war. Intra-nationally it explains social friction, since there is bound to be a scramble for an adequate share of the available money, because this is the only effective claim to goods which may be in sufficient abundance to satisfy the real demand. It explains the paradox of poverty amidst plenty, since poverty is a monetary condition. It explains the continuous, and increasingly rapid growth of debt, as will be seen more clearly subsequently; for the moment, it is sufficient to regard debt as the mounting record of the cumulative deficiency of purchasing power.

The student is asked at this stage simply to hold hard to the facts; to ask himself whether, irrespective of theoretic

tical considerations, the theory that income in the aggregate is less than the cost-price of production in the aggregate, does or does not fit the facts. It may occur to him that the theory does not explain inflation, when money available exceeds the supply of goods; how this occurs, when it does occur, also falls to be considered later in detail. But at this point it may be observed that inflation occurs in respect of the end-products of industry—ultimate consumer goods; but behind these stand intermediate goods, with costs waiting to come forward. The “surplus” purchasing power is purchasing power held in respect of these intermediate goods, waiting for them to become end-products. This matter is intimately related to the theory of the proposition we are considering, and it is to the theoretical side that we must now turn.

(4)

It is quite characteristic of theorems generally that a number of deductive proofs of them may be elaborated. This is the case with the Social Credit theorem, now commonly known as the A plus B theorem, a name which is derived from one of the various available proofs. This Social Credit theorem is the proposition that in any given period, in any given area, the rate of generation of prices is greater than the rate of generation of incomes.

The point to be noted in this statement is the use of the words “rate of generation.” They refer to the fact that production is continuous. We don’t know at what point in the past production began, but from whatever point we choose as the beginning of production, we can say that it has proceeded continuously ever since. We are using the word “production” in the general sense: the conversion of materials from one form into another suitable for the purposes of man. Production varies, becomes more or less elaborate, and changes; but it is *continuous*, it is a *flow*, like the flow of a river.

The production of goods is accompanied by the production of *costs*, which reach the public as *prices*; and at the same time, the production of goods is accompanied by the distribution of *incomes*, in the form of wages, salaries, and dividends. This is the meaning of the expressions “generation of prices” and “generation of incomes.” It is absolutely essential to grasp the fact that prices and incomes are, like production itself, *flows*. There is a stream of purchasing power, and a stream of prices. Both are measured in units of money; say in pounds. Our proposition is that the size of the flow of income, in pounds, is smaller than the flow of prices, in pounds.

To avoid any confusion, the relation of prices and costs must be stated. The *cost* of an article is the sum of the disbursements of money, direct or indirect, in the course of the production of that article. It includes the cost of the raw material, the payments of wages and salaries, and a charge for the use of plant and other “overhead charges” such as rent and interest on borrowed money. The *price* of an article is *at least* the cost, but is usually the cost plus profit. The argument which follows is unaffected by the question of profit, so that the terms cost and price are used as convenient to the context.

Now let us see what actually happens to costs and incomes in the course of production. Let us consider any factory, and assume that it is engaged on the production of an article which takes, from start to finish, six weeks to complete. Let us assume that the raw material is obtained free, and that no charge is made for “overheads,” so that

the only costs are the wages and salaries paid to the workers. Now the greater part of these wages and salaries is spent week by week as received on meeting the cost of living, and at the end of six weeks very little of the money will have been saved. At the end of the six weeks, however, the cost of what has been produced (both finished and unfinished) will be the total of the six weeks’ wages and salaries of all the workers concerned. To meet this total cost, there is only available the money which has been saved, which is only a small proportion of the total cost. It is quite true, of course, that only a part of the total production is at that point available for sale—*i.e.*, the finished production—; but the *cost* has been created, and clearly exceeds the amount of purchasing power *left* to meet it. The firm is “out of pocket” to the extent of six weeks’ wages and salaries. That “out-of-pocketness” represents the generation of prices. The costs, and hence prices, go forward all the time, whereas income is spent as received on meeting the cost of living.

Thus the position can be stated more generally: the cost of production includes the cost of living of those concerned in the production; but this has been spent within the period of production. This is true of any given unit of production, and consequently of every unit of production, and thus of production as a whole, and over any period of time. That is to say, costs going forward are progressively greater than income going forward—just as Achilles goes forward faster than the tortoise. These costs are increasingly represented by “overhead charges”; that is to say, an increasing part of prices consists of the cost of capital equipment and “intermediate” production. Such costs are continuously coming forward into the price of final production, and represents incomes distributed, but spent, at some time in the past.

Thus the product of manufacturing industry is involved in the same difficulty as primary production: it does not automatically find a purchasing power awaiting it sufficient to discharge its cost, or “value” in the monetary sense.

At this point the inductive and deductive proofs converge. Neither primary production nor industry themselves provide the whole of the purchasing power necessary to buy their products—or, as Major Douglas puts it, neither the farmer nor the industrialist “make” money; they scramble for money in the possession of others. But it is true that money is “made,” in the literal sense. Manufacturing money is, in fact, the actual basic business of banking in exactly the same sense that making things is the business of industry.

The manufacture of money by banks is technically known as the creation of credit. This manufactured money, or credit, is loaned by the banks against various securities, for various periods of time. On the whole, however, more of this new money is loaned than is repaid, so that in practice there is a continual expansion in the amount of money in the community. It is this new money which becomes available to meet the deficiency in purchasing-power; and it is recorded as debt. That is why we noted earlier that mounting debt is the record in time of the deficiency of purchasing-power.

But still there is no automatic or necessary relation between the provision of this new purchasing-power, and the amount required to make good the deficiency. The amount of new money provided by banks is governed not by arithmetical considerations, but by a number of factors which can be included under the heading of *policy*. For reason of policy the provision of credits may be restricted,

in which case the effect of the deficiency of purchasing-power becomes manifest, and the so-called "depression" is experienced. At other times credits are advanced freely, leading to the "boom" or inflation.

Credits, however, are advanced in connection with production of some sort or other, and consequently become a cost, since they have to be repaid to the banking system. What actually happens is the credits are advanced for such a purpose as the building of a new factory, the installation of machinery, and so on. The credits are distributed as wages and salaries, and spent on goods *already produced*; but as we have already seen, those wages and salaries become costs to be recovered in the future, when the factory or machinery is in production. Now when goods already produced are in short supply, for one reason or another—as, for example, following the conclusion of war, when industry is adjusted for the production of munitions—and at the same time payments are being made out of credit for the "re-conversion" of industry or some similar reason, purchasing-power may be in excess of the collective prices of goods available for immediate sale; this is the condition called "inflation." It results in a rise of prices, which drains off the excess purchasing-power. But it must be remembered that this purchasing-power, is distributed in respect of anticipated future production, of which it forms one of the items of cost; and if this money is drawn off, either by a rise in prices, or by high taxation, this fact aggravates the deficiency which will in any case accompany the ultimate appearance of the goods. The money cannot be both spent on *existing* goods, and available to meet *future* prices.

Public works, financed by "loan" money, are a special case of this general principle. Instead of private enterprise building factories, governments build dams and hydro-electric schemes and so on. But these are paid for with fresh money created by the banking system, and this money is recorded as "public debt." The money is—and can only be—spent on existing goods; and the process is only possible because there is a deficiency in the purchasing-power distributed through the production of those goods. Public works, however, still have to be paid for, because the credit advanced for their construction has to be repaid, and interest has to be paid on it. This repayment, and the payment of interest, takes the form of taxation; public indebtedness, in fact, is another form of "cost" exactly equivalent to the plant cost in industry; and since the payments made in the course of building public works are spent on current production, they are not available in the future for the repayment of the original bank loan.

Now, so long as the present system of accounting is followed the continuous operation of industry is absolutely dependent on the continuous expansion of the amount of money—an expansion of minted money, printed notes, or chiefly bank credits. And simple inspection of yearly statistics shows that the expansion is, in fact, continuous. It also shows that the expansion of credits—recorded as debt to the banks—is far and away the most important, the largest part of that expansion. It is in this fact that the convergence of the inductive and the deductive proofs of the proposition we have been examining is found.

When the relationship of expanding credit to industrial production is grasped, it can also be seen that a continuous rise in taxation is a further inductive proof. Apart from the redistribution of income through taxation, an increasing sum must be taken to meet debt charges; and to the extent

that this money is used to repay the debt, it disappears; there is nothing received in exchange for it. Now this is exactly the same thing as obtains in the prices of goods: an increasing proportion of the *total* price goes to repay old "costs"—either the repayment of bank loans, or the replacement of capital. This means, of course, that wages and salaries can liquidate only a diminishing proportion of the production which gave rise to them.

The general consequence of the whole process is that to distribute even a *constant* quantity of production to ultimate consumers, an *increasing* quantity of "intermediate" or capital production must be undertaken. As saturation point in the number of factories which can reasonably be constructed is reached, the emphasis passes to public works and to production for export.

This then is the financial explanation of the paradox of poverty amidst plenty. As noted previously, there are a number of methods of demonstrating the central proposition. Students are referred to the technical writing of Major Douglas, where various proofs are to be found, including a proof in mathematical terms. The subject is very exhaustively discussed in *The Monopoly of Credit*.

(To be continued)

### Light on Communist Methods

The Sydney correspondent of the *World's Press News* reported, in the issue of the paper for May 12, the court case between the *Sydney Morning Herald* and the *Daily Telegraph* (Sydney), in which the former won an injunction restraining infringement of *Herald* copyright articles written by Cecil Herbert Charpley, a former member of the Communist party executive in Victoria. The *Herald* and *Weekly Times, Ltd.*, Melbourne, had bought those articles from Sharpley and sold the NSW copyright to the *Sydney Morning Herald*. The first article appeared in the *Melbourne Herald* on April 21, but the *Sydney Morning Herald* did not publish it until the day after, on which same day the *Telegraph* had used a considerable portion of the matter which had appeared in Melbourne.

"Counsel for defendants," says the correspondent, "said his clients did not contest that there had been an infringement and he consented to an injunction. Question of damages was referred to the Master in Equity, with the expectation that they would be small.

"Subsequent information from Australia," the article proceeds, "shows that the articles being written by Sharpley have created a sensation among moderate unionists. As a consequence, rank and file members of four unions, whose officials are Communists, have begun moves to get rid of their leaders.

"The three most important matters to be investigated by the Melbourne Trades Hall are (1) that certain union officers were elected on ballots rigged by the Communists, (2) that the Communists aimed to restrict production and prevent economic stability, and (3) that some Trades Hall Council delegates had been improperly appointed.

"The last charge arose out of Sharpley's statement in one article that he and other Communists had, during the count, altered more than 200 ballot papers to ensure the election of one, Evans, as secretary. As soon as the article was published, Evans offered his resignation and demanded a searching enquiry. At that enquiry seven men, for nearly

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### From Week to Week

"I believe this secret Atheistic organisation (Freemasonry) to be nothing less than the evil against which we have long been warned by our Blessed Lord Himself as the supreme conflict between the Church and Satan's followers. It is the commencement of the contest which must take place between Christ and Anti-Christ . . ."

"The Abbé Lefranc believes (*Le Voile Levé*, Lyons, 1821) that Oliver Cromwell was a Socinian, and that he introduced Freemasonry into England. . . . He gave its members in England, as Mgr. Segur tells us, the title of Freemasons. . . ."

"Mgr. Segur, moreover, connects modern Freemasonry with the Jews and Templars, as well as with Socinus. There are reasons which lead me to think that he is right in doing so . . ."—Monsignor George F. Dillon, D.D., in Edinburgh, October, 1884.

When, if ever, the *true* history of these times comes to be written, the feature of them which must impress the historian is that of selective and controlled publicity.

When D'Israeli, with that peculiar inability of the Jew to avoid the risk of a boast, wrote: "And so, my dear Coningsby, you see that the world is governed by far other than those whom the public believe to be its rulers," he must have known or assumed that his statement of fact would not penetrate any mind of consequence which was not aware of it already. And so, much later, in 1852, he again wrote:

"It was neither parliaments nor populations, nor the course of nature, nor the course of events, that overthrew the throne of Louis Phillippe. The throne was surprised by the Secret Societies, ever prepared to ravage Europe."—*Lord George Bentinck*, Benjamin D'Israeli, p. 552. And the general population paid just as much, or as little, attention as it did to the clear warning contained in "Coningsby."

Thanks to the fact that they appeared under the auspices of *The Morning Post* and its courageous editor, the Honourable Rupert Gwynn, perhaps the last of his kind, *The Protocols of Zion* did attract a certain amount of attention when they first appeared, but not nearly so much as a current tip for the Derby. And in fact, there is nothing in the *Protocols* which was not known to any serious student of the matters with which they deal, although (and that is why they arouse so much fury) they do contain a handy and understandable synthesis of matter which must otherwise be gathered from widely differing, apparently unrelated, and mostly uncatalogued sources. What many readers of them do not grasp is that "Big Business," Socialist Government, and World Politics are merely components of Jewish Freemasonry.

Five minutes' consideration of this subject, which is

either pure moonshine or the most vital subject which affects us on earth, ought to convince anyone that a ballot-democracy can only be advocated by two kinds of persons—the abysmally ignorant or the consciously traitorous.

We trust that our readers have not overlooked the scarcely veiled threat contained in Mr. Glenvil Hall's (the Financial Secretary to the Treasury's) reply to Mr. Cooper (Middlesboro, West) in reference to charges made of irregular practices, over-staffing, and general inefficiency in the Civil Service. Without providing any answer to the matters alleged, Mr. Hall said ". . . such charges . . . have done my hon. Friend no good [our emphasis] "If . . . [etc.], we should have been more inclined to listen to what he had to say."

That is the authentic Nazi touch.

". . . the French Revolutionary Terror was, by our standards, a rather mild and squeamish business. Certainly, at the worst, life for the private citizen was far more secure and tranquil than in any modern Police State. The chief difference perhaps is the degree in which politics has invaded all life. If this is so, the case against the French Revolution was that the nationalism(?) engendered by it was to make private life impossible."—J. M. Lalley: *Book Events: Leaders of the French Revolution*.

(It is probable that "Nationalism" is an Americanism for "Stateism"—Editor, *T.S.C.*)

While we are satisfied (as the result of observation, information, and experience covering a period of thirty years devoted to attention to the state of the world as unbiassed by preconceptions as is humanly possible) that there is something operative at such high levels that it corresponds to the doctrinal concept of Anti-Christ, it would nevertheless be both childish and misleading to overlook the embodiment of this doctrine in the large industrial manufacturers now so interwoven with the large financial institutions, banks, insurance companies, issuing houses, and so forth that it is becoming accurate, as previously it was not, to speak of "the industrial system."

So far as Great Britain is concerned (and we strongly suspect that "our plan" of the U.S. New Deal and Israel Moses Sieff stem from the same source) the Mond-Turner conferences, held when the trades unions had been disciplined by the General Strike, were the first *concrete* step towards the organisation of the whole population under a new type of government far more tyrannous and powerful than anything the world has ever seen. It is only necessary to note the immense increase in the power and wealth of the industrial undertakings represented at those conferences and the complacent attitude of the Federation of British Industries to realise that they were the most gigantic conspiracy against a free public which, outside Russia, the world has ever known.

We do not wish to be misunderstood; we quite realise that the industrialists had been almost intolerably provoked by the antics of "labour", and were, for the most part very single-track minds; but they did the devil's work and we have little doubt, will be held accountable for it. In the meantime, however, with their nominees, the "Socialist Government" and selected bureaucrats, they are doing quite nicely at our expense. Any idea that the ballot-box, as operated, can worry them is beneath contempt.

## PARLIAMENT

House of Commons: May 16, 1949.

### Ireland Bill

Considered in Committee.

[Major MILNER in the Chair]

Clause 1.—(CONSTITUTIONAL PROVISIONS.)

... Mr. Boyd-Carpenter (Kingston-upon-Thames): I beg to move, in page 1, line 5, to leave out from the beginning, to "that," in line 6, and to insert—

(1) It is hereby recognised and declared—  
(a).

These Amendments are designed to effect a small alteration in the language used in the first Clause. The effect of the first, if adopted, will be to remove the words "Parliament hereby recognises and declares" and to substitute in the opening words "It is hereby recognised and declared." The effect of the subsequent Amendment will be to make the Clause conform to those opening words.

So far as I can ascertain, the change is mainly one of form. . . .

Mr. Manningham-Buller (Daventry): . . . He [the Attorney-General] says that there is no legal implication in the change from:

"It is hereby recognised and declared."  
which is more normal than

"Parliament hereby recognises and declares."

Though there is no legal implication whatsoever, I fear that a great many people who do not realise that the terms "Parliament" includes the King, the Lords and the Commons together, will think when they look at this Act that there is something significant to be drawn from the fact that the word "Parliament" is used on this occasion when normally Bills do not start in that way. To avoid non-lawyers falling into that error I ask the right hon. and learned Gentleman to meet us on this point. One does not like creating a new precedent without good reason, and in both his speeches the right hon. and learned Gentleman has given no good reason for this departure from precedent.

The Lord President said that the use of the word "Parliament" showed quite clearly that the initiative was not with our own Parliament at Westminster; but I defy anyone reading this Clause as it is to come to that conclusion, and I defy anyone to come to the contrary conclusion if the Clause starts with the words:

"It is hereby recognised and declared."

The right hon. and learned Gentleman said there was very little in this matter. We think it is a matter of some importance and as he has indicated quite clearly that the change could be made quite easily, I beg him once again to reconsider his attitude to this Amendment. . . .

Mr. John Beattie (Belfast, West): I beg to move, in page 1, line 10, to leave out paragraph (b).

I do not want to embarrass any of the hon. Gentlemen who have their names on the Order Paper in support of the other Amendments mentioned by you, Major Milner, but intend to go into the Lobby in favour of my Amendment. The sub-section, the deletion of which I now move, states,

"declares that Northern Ireland remains part of His Majesty's dominions and of the United Kingdom and affirms that in no event will Northern Ireland or any part thereof cease to be part of His Majesty's dominions and of the United Kingdom without the consent of the Parliament of Northern Ireland."

Why do I wish to delete those words? When I see my mother country being cut up, divided and classified as part of another country, I have every right as a representative in this House to say that at least I, as one hon Member, shall not stand for that sort of business to be carried on against the country of which I am a citizen. This Clause hands over the Six Counties in a permanent manner to a party in those Six Counties who are actually a minority in the country. Ireland is the only place I can find where a minority rule over a majority. . . .

... I am not a prophet nor the son of a prophet, and I do not wish to prophesy, but I can say that for many years now there has been a friendly feeling between the people of Ireland and the people of this country. That feeling, one of good-will and good wishes, was growing and developing, and we were coming to the point at which Ireland might have been able to take her place among the nations, provided that reasonable and sensible people in this House would allow her to take her place as a complete nation and not as a splintered nation. We shall never get Ireland's friendship, Ireland's support nor Ireland's co-operation while we compel part of the Irish people to live under the conditions that exist in the North of Ireland, in those Six Counties which have been cut away and "Englishised" from the 26 counties that belong to the Republic of Ireland at the present time. . . .

Colonel Crosthwaite-Eyre (New Forest and Christchurch): We seem to have had three main lines of argument. We have had that advanced by the hon. Member for Hitchin (Mr. Asterley Jones) which is more or less based on an attitude of "let us be cautious and let us not do anything that may upset our position in the future." We have had the extremely irritating approach, prejudiced and lacking in factual statement, of the hon. Member for Hornchurch (Mr. Bing). . . .

... The hon. Member for Rochdale (Dr. Morgan) made the speech which is constantly being made in Irish circles. It was plausible, accurate as far as it went, but missed the whole of the main argument. I had to go to Dublin last week and debate with the Minister for External Affairs there on the night when Mr. Costello and Mr. De Valera made their speeches, and they made the same arguments. They talked of Ulster as though it were something to which they never agreed and an act of *force majeure*—as though these Six Counties were something which could be chopped and changed and something not guaranteed by anyone for any purpose whatever.

It is worthy of note that in 1925 not only this House but the Dail and Parliament in Belfast, guaranteed the present boundaries and that that guarantee was not given at our request, or that of Northern Ireland, but at the request of the Southern Irish politicians. I am led to believe—and I have never heard it contradicted—that in 1925 an independent boundary commission was sitting, that it was well known that the commission was going to propose that Northern Ireland should consist of nine counties and not six, and that it was at the instigation and request of the Southern Ireland politicians of that day that the report of that commission was not awaited when the terms of the 1925 Treaty were

accepted by all three parties concerned.

*Sir Hugh O'Neill (Antrim):* I do not think there was any suggestion that Northern Ireland should consist of nine counties but what was suggested, according to the Press, was that there was to be no change in the existing frontier but minor rectifications and that some Unionists outside Northern Ireland should be brought in.

*Colonel Crosthwaite-Eyre:* I am willing to accept that from my right hon. Friend. I was only quoting from information—

*The Secretary of State for the Home Department (Mr. Ede):* It ought to be made quite plain that this report was never published—

*Colonel Crosthwaite-Eyre:* I made that clear.

*Mr. Ede:* I have tried recently to get a copy of it, but I am told there is not one in existence—

*Sir H. O'Neill:* In the Library.

*Mr. Ede:* Not this one. Various summaries of what it is thought to have contained have from time to time appeared in the papers and in some biographies. I was reading during the week-end the biography of O'Higgins in which an allusion was made to this, but I know of no certain grounds at this stage for saying what was in the Report. I agree in the main from what can be discovered with what was said by the right hon. Member for Antrim (Sir H. O'Neill).

*Colonel Crosthwaite-Eyre:* I did not pretend to know what was in it, but I stated what was said at the time and I do not think the right hon. Gentleman will contradict that the actual pressure for the conclusion of the 1925 Agreement came from Southern Irish leaders and no other party whatever.

*Mr. Mulvey:* I feel that the senior Member for Antrim (Sir H. O'Neill) did not make the position clear. He referred to the fact that the boundary commission arranged to bring in outside areas from the Twenty-Six Counties. He is quite right in that, but it also provided for transferring areas from the Six Counties to the Twenty-Six Counties.

*Colonel Crosthwaite-Eyre:* I think that the Home Secretary has made the position clear: no one knows what this report contained. We have now heard three different versions of what it contained. The only point I wish to make and stand by is that it was in 1925, at the request of the politicians of Southern Ireland and of no one else, that Acts were passed by which this House, the Dail and the Parliament of Northern Ireland accepted the present boundaries of Ulster.

It has been said from time to time from the benches opposite that there is some element of force in regard to the present boundaries or some element of injustice dating back to many years before the present Parliament or any other Parliament of which any hon. Member of this House was a Member. That is completely untrue. The present boundaries were accepted by all the parties as a voluntary and final settlement. No one in this House has yet said that Ulster contains a majority of Nationalists. There have been a great number of statements to the effect that this bit or that bit ought to be 'hived off' and that the present position is a hardship to some part of Fermanagh or Tyrone. It is exactly the same hardship as that suffered by the county of

Hampshire, which longs to be out of the administration of the present Socialist Government but is not allowed to be. [Interruption.] It is exactly the same. No one opposite would advocate or even permit the suggestion of secession by any part of this country which disliked the majority rule opposite.

When hon. and right hon. Gentlemen opposite talk about this question they are always producing the argument that it is time England or this House offered a further concession to Ireland. There is never any suggestion that Ireland should make a concession to this country: that is the one thing that never happens. When I was in Ireland a few days ago the argument was again put forward, "You have had to give way on land annuities, on the question of the position in 1921 and various other matters. Why not make a clean sweep and allow us to have this cessation of partition?" I replied, "Why do you not do something to show that you are for once willing to help in a general settlement? Why do you not come into the Atlantic Pact? Why do you not show that you are willing to play your part in Europe?" The only answer one received time and time again, and received from people who should be able to speak authoritatively, was that they were not prepared to do anything until they had secured what they considered to be the utmost concession from this country, and that until that happened they were not willing or even interested in making any gesture to help.

The hon. Member for the Scotland Division of Liverpool (Mr. Logan) spoke about defence, and said that he had pleaded with Mr. De Valera that the ports which we ceded should be returned to us during the war. Supposing that that gesture had been made. What a different attitude we might have taken today if something had been done—

*Mr. Logan rose—*

*Colonel Crosthwaite-Eyre:* I am perfectly prepared to give way to the hon. Member if I may first finish my sentence. Having been a member of the Royal Navy, I say something of what that lack of help cost us. I remember that when the surrender of these ports was announced in 1937, it was made the occasion of a series of mutual congratulatory speeches and exchanges of compliments between this country and Ireland. Yet as soon as it came to the test, Ireland, instead of recognising what we had done or had striven to do, made not the slightest effort to help us in the time of our need. Now they are asking us to make a further great sacrifice.

If one reads the statements made last week by Mr. Costello and Mr. De Valera in the Dail, both of which speeches I heard, they are seen to contain nothing except this vague sort of idea that if England would once again surrender we might find the Irish more receptive and more willing to give us help. That is an impossible proposition from the point of view of the many considerations of equity

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with which we on this side of the Committee are concerned.

*Mr. J. Beattie:* Do the Six Counties which are now under consideration belong to Ireland or England?

*Colonel Crosthwaite-Eyre:* The unfortunate answer, from the point of view of the hon. Member, is that they have the right to choose their own destiny, and that is something for which we on this side of the House will always stand.

*Mr. Beattie:* Does the hon. and gallant Member agree that the minority should overrule the majority?

*Colonel Crosthwaite-Eyre:* There is undoubtedly a majority of between 65 and 67 per cent. in the Six Counties at present for the maintenance of the present position; there can be no question of that to anyone who looks at the election returns.

Everyone who is participating in this Debate hopes and prays that we shall eventually be able to rid ourselves of this problem, but it is a problem which can only be solved if for once the Irish are prepared to give rather than merely to demand. If they are prepared to show that they will play their part in Western Europe, particularly in matters like the Atlantic Pact, if they will cease continually complaining about our misdeeds and will recognise some of their own short-comings, I am hopeful that we can solve the many issues which at present divide us. But so long as it is accepted by Members in this House that whatever complaint may be made by the Irish is correct and that whatever efforts we have made are either insufficient or wrong, we shall never succeed. I hope, therefore, that out of this Debate one thing alone will become clear—that we are willing to be partners with Ireland or indeed with anyone who will go forward with us, but we shall never be put upon or listen to unreasonable arguments.

*The Chairman:* The next Amendment I propose to call is in page 2, line 2, leave out "Parliament," and insert "people." I ought perhaps to say for the information of the Committee that it would not be in Order, on this Amendment, to discuss the different methods whereby the people of Northern Ireland may take any decision, as that would go far beyond the bounds of the Amendment.

*Mr. Hale:* I beg to move, in page 2, line 2, to leave out "Parliament," and to insert "people." . . . I referred just now to the constitutional position, and I hope I shall be forgiven if I amplify a little what I have already said. First, this Parliament can never at any time abrogate the power of any future Parliament. Whatever we say is subject to revocation by any future Parliament, and it is for that reason that over the centuries there has evolved the doctrine of the power of the Crown, exercisable by the Cabinet, which left constitutional matters to be dealt with by the Crown and decided by the Cabinet, and left Parliament only the right to turn out the Government if it disagreed with them on a major issue. Now, however, the Committee is seeking to do something which has never been done before, something which either means nothing at all and is, therefore, unfair to the people of Northern Ireland, or something which we have not the power or right to do and which, if we had, would mean an alteration of the Constitution. We have no right to guarantee the position.

Second, and much more fundamental, is that we have not got the right not merely to alter the position but to delegate our powers to a Parliament which we have expressly

decided, by statute, shall have no right even to discuss Measures of this kind. The powers of legislation of the Parliament of Northern Ireland are set out in Section 4 of the Government of Northern Ireland Act, 1920. Under that Section, which has been slightly amended without substantially affecting it, its powers are strictly limited. . . . He [The Attorney-General] said that this Bill meant that Northern Ireland will always remain associated with the United Kingdom unless and until the Parliament of Northern Ireland otherwise decides. That was the interpretation put upon the matter by the Attorney-General. It is the interpretation put upon the Clause by most people reading it who have not heard the various explanations given. It is the ordinary interpretation which words ordinarily mean.

It means, therefore, that either we are doing a fraud on the people of Northern Ireland by saying something we cannot mean, for we cannot bind our successors; or delegating power to the Parliament of Northern Ireland, which the only speaker supporting the Government on these back benches described as menial and corrupt—I am not quoting his words with precision but certainly he said it was unfit to discharge its duties—and so leaving the decision to them.

*The Attorney-General:* . . . This Bill affirms the solemn intention of all parties represented in this Parliament that Northern Ireland should not be excluded from the United Kingdom without its consent. It affirms that as being the view of all parties in this Parliament, knowing, however, that every subsequent Parliament will be free, if it so desires, to come to a contrary conclusion. It is, in effect, the pledge to Northern Ireland of almost exactly the same kind that was made to the other Commonwealth countries in section 4 of the Statute of Westminster.

*Mr. Hale:* . . . The Prime Minister has already given an assurance—an assurance of the Prime Minister of the United Kingdom speaking in the name of the Cabinet, an assurance which binds this House except in so far as the House can upset it by turning out the Government. It gives to the Parliament of Northern Ireland an assurance which carries with it a promise of a continuity which my right hon. and learned Friend has just said this House can never give, because any future House of Commons can revoke it at any time.

Why is it thought necessary to embody these words in the Bill if they do no more than carry out what has already been said by the Prime Minister? What great importance is attached to them? What is it thought is achieved by the Bill that has not already been achieved? Who was it suggested that these words, which involve after all a considerable betrayal of Socialist aspiration if they mean anything, should be incorporated in the Bill at all? I therefore move the Amendment and in doing so I want to make it clear that I shall have no hesitation, if the Government feel that they cannot accept it, in carrying my Amendment into the Division Lobby. The ultimate vision of a united Ireland has illuminated the pages of history for centuries. It was the vision which Emmett saw upon the scaffold. It is a vision for which much blood has been shed. It is the vision that all of us who love that country and love the Irish people, whether they be north or south of the border, can share, can look forward to with hope, and can work for. . . .

*Sir R. Ross:* I have complete confidence in the people of Northern Ireland. They are represented by their Parliament, and the sooner hon. Members opposite get that into

their heads the better—[*Interruption.*]—Hon. Members who have never been to Ireland at all so far as I know are roaring with laughter and apparently consider this very funny, but they had better accept the fact that the Parliament of Northern Ireland represents the people of Northern Ireland and probably represents them better than this Parliament represents the people of the United Kingdom. I will give the Committee an instance. We suffer the occasional disadvantage of having elections in which there are more candidates than two and then we get people elected on a minority vote. In the recent elections in Northern Ireland there was only one instance where there were more than two candidates.

(*To be continued*)

### LIGHT ON COMMUNIST METHODS

(*Continued from page 3.*)

an hour subjected Sharpley to searching questions, while a shorthand note was taken of the proceedings. Sharpley exonerated Evans from any knowledge of what had happened.

"The articles, originally secured by the *Melbourne Herald* group, are also being syndicated throughout Australia and New Zealand, and are playing an important part in exposing Communist technique."

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The *Portadown Times* of May 18 contained the following:—

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