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FOR POLITICAL AND ECONOMIC REALISM

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From Week to Week

The success with which the current "British" Government ensures that we have not a friend in the world outside our own kinsmen is further exemplified by one first hand instance, and a comment which is at least well informed.

The first is a castigation of the "B".B.C. by Madrid Radio, which after noting the persistent anti-Spanish bias of many English newspapers, remarks "Yet insolent as these unwarranted interferences are, they at least have the merit, which the "B".B.C. lacks, that they sail under defined responsibility, that of the papers publishing them."

The anti-Spanish bias is of course Judæo-Masonic.

And the comment, by Mr. Robert Boothby, M.P., at, of all places, a dinner of P.E.P., was that the British people had no idea of the suspicion and distrust with which this country is at present regarded on the Continent of Europe.

Mr. Sidney Holland, the leader of the victorious National (Conservative) Party in New Zealand and the probable Prime Minister, is quite possibly correct in observing that the defeat of Labour in New Zealand is a landmark in history.

It has been fairly obvious for some time that Professor Laski's "historic right of the Left to victory" is one of those "Manchester" sayings which can be relied upon to lose money for those who take them seriously, much as when the Government broker goes into the market to support a falling stock. With the aid of Mr. Nash and his Wall Street friends, in New Zealand, and Dr. Coombs and Professor Copland in Australia, the London-School-of-Economics-Chatham-House Gang have "played-through" to the Cahmon Man in the Antipodes very successfully for the last twenty years. There is a factor involved, however, which the Gang has either overlooked or failed to deal with—the much greater relative size of an economic Middle Class both in Australia and New Zealand, particularly the latter, as compared with European countries. The major strategy of the Gang is to play both ends against the middle, leaving a half-witted proletariat to be dealt with at leisure. It is far from being a negligible plan; but speed is of the essence of it. And there has not been *quite* enough speed.

To what extent this situation is paralleled in Great Britain, where the Middle Class has been attacked with the maximum ferocity which their functional indispensability would permit, is not certain. But it is significant that a keen and qualified observer, M. Bertrand de Jouvenel, remarks "there is no doubt that the Middle Class has completely reversed its attitude to the Labour Government . . . the bitterness which is arising between the middle class and the Government brings out into the open an as yet unperceived problem."

It does so. You had better hurry, Messrs. Laski and Sieff.

We congratulate the Dundee *Courier and Advertiser* for placing in apposition, without comment, the victor's song of the British Socialist Attorney-General, Sir Hartley Shawcross, representative of the impartiality of the Law, and the dedicatory words of Mr. Sidney Holland, Leader of the New Zealand Conservative Party, in similar circumstances:

"We are the Masters now." (Sir Hartley Shawcross.)

"We are called not to dominate, but to serve" (Mr. Sidney Holland.)

c.f. "The judicial system is the arm of the workers . . . who use it to further their own interests against other classes."—Vishinsky.

"The Soviet State determines the behaviour and activity of Soviet citizens in various ways. It educates the Soviet people in a spirit of Communist morality . . . regulating the life of the population, imposing interdictions, establishing encouragements, naming punishments for the violation of norms.

"The Soviet State stands guard over these legal norms with all its power. The conduct and activity of the Soviet people is also determined by the force of a public opinion which is created by the activities of numerous public organisations. In creating public opinion, the decisive role is played by the Communist Party and the Soviet State, which, through various media, formulates public opinion and educates the workers in a spirit of Socialist awareness."—*Moscow Bolshevik*, Issue No. 4, 1947.

Fifteen millions of Russians have not responded satisfactorily to this technique, and are doing "involuntary labour."

In deadly seriousness, we would ask those people who think, and say that "nothing can withstand the force of public opinion," just how they would deal with a situation in which "public opinion" is formed by the latest "Russian" methods. Because, if they don't do something a great deal more effective than merely talking Liberal-Whiggism, Mr. Israel Moses Sieff will do it for them.

Probably not many of our readers see Mr. Manning's Alberta paper *The Canadian Social Crediter* (*sic*), but for the benefit of those overseas who do we may issue a note of warning against the technical inaccuracies which are beginning to reinforce its politics. For instance, the Keynesian fallacy adopted by Mr. Vincent Vickers that "spending new money into existence" is a cure for the flaw in the price system is being rather subtly substituted for the application of new money to the reduction of prices *at the time of purchase*.

"Time" is one of those subjects which seems to offer great difficulties to most people, but it does not appear too much to ask for the consideration of the difference between,

say, paying out new money for a hydro-electric scheme which will "sell" nothing for five years, and paying out the same amount of money to reduce the cost of power.

Of course, the international finance groups have no objection whatever to the former course—it is almost as good a method of raising prices and promoting loans as having a good war.

The most charitable, and probably in the main, correct, explanation of the disappearance of everything but the name of Social Credit from the Alberta Government is that its executives have entirely "lost the thread of the story"; that beyond wishing to retain office, they have no policy.

PARLIAMENT

House of Commons: November 30, 1949.

GOLD (DOLLAR PRICE)

Mr. Stokes (Ipswich): . . . What I seek to do tonight is to explain to His Majesty's representatives at the Treasury why it is important that they should instruct their representatives who go to the International Monetary Fund meetings and other similar meetings, to press for a revision in the dollar price of gold. I am perfectly aware of the fact that they cannot control that particular price, but they can make representations. So far as I know, and so far as I have been able to ascertain from the answers I have received from the Treasury Bench, no such representations have been made.

I find myself in a somewhat paradoxical position, because I have always objected to a gold standard, but if we are to have a gold standard for heaven's sake let it be a proper one and not a fictitious one. My claim tonight is that we are in fact, through Bretton Woods and the International Monetary Fund agreements, hitched, through the dollar, to gold. Yet, because of the incidence of voting power, particularly on the International Monetary Fund—on which we are very sparsely represented having regard to the fact that we in the British Empire produce most of the gold—so far we have not succeeded in getting a revision of the kind which seems to me to be desirable. . . . Today, on the latest information which I have from the City of London, in Bombay gold on the so-called free market—which of course I admit is a limited market—is selling at £32 per fine ounce, whereas the official price after devaluation is £12 10s.

One of the things which most astonishes me, is that I have never yet succeeded in implanting in the brain of my hon. Friend the Economic Secretary—I am saying this in no disrespectful sense at all—or the Financial Secretary or the Chancellor himself, that in fact the price of gold as compared with pre-war is only 70 per cent. up, and we are hitched to it through dollar control. Yet the price of practically everything else has multiplied three or four times. I shall not endeavour to do it, but one can argue that it would be a good thing to abandon gold as a standard and have a wheat standard. There would be a good deal more sense in it than in this present situation where we find ourselves artificially hitched to an artificial value.

If we take the cost of iron and steel in comparison with pre-war, gold is only 70 per cent. up but iron and steel is three times the price. We get a lot of lessons or instructions from America saying that we ought to reduce our costs of production. What in fact is the case is that we now pay 16s. a bushel for wheat whereas before the war we only paid

4s. As the costs of production primarily depend on the food which we put into the stomachs of the men who make the goods, how can we get the costs of production down as compared with pre-war if we are paying four times the amount for the food to put into their bellies? The Americans ought to set about reducing their costs of production and not we reduce ours, but that is another matter to be referred to on another occasion.

Our best dollar producer is said to be whisky, and of course it is. It is our best dollar producer but whereas we are paying four times the price for wheat that we paid before the war, the Americans are only paying 12 dollars 10 cents for a case of whisky where before the war they paid 11 dollars 25 cents. In other words, the price is only about 10 per cent. up! I am not seeking tonight to develop this question of the complete and crazy out-of-balance into which this ridiculous monetary system has got us. What I am seeking to do in the first place is to get the Treasury through the Chancellor of the Exchequer and his minions—that is not a disrespectful word, my hon. Friend will realise; "understrappers" is equally offensive; I mean the people who are not equally as important as he is at these meetings—to see that if gold is to remain, as remain it must so long as the Bretton Woods Agreement goes on, as the basis of dollar currency then that basis had better be a sound one and not a completely fictitious one.

After all, it is just as well to remember that the stuff put into one's teeth by dentists, known as dental gold, is different from monetary gold to which my hon. Friend so often refers at Question Time and not nearly of the same fineness. It is only 18 carat as against 24, yet it costs about 25 per cent. more than this artificially low fixed price of the fine ounce. That surely ought to give my hon. Friend and the Chancellor of the Exchequer cause to reflect. . . .

. . . I want to state comparatively briefly, although I do not promise to be short, the case for gold revaluation. The sterling area, from our point of view, produces 60 per cent. of the world's gold. The Economic Secretary to the Treasury tells me that last year South Africa shipped to the United States no less than £100 million of gold which at the ruling price was £8 12s. 3d., or 12 million ounces. Unfortunately, they have now ceased publication of the figures because that was suppressed during the war for security purposes and now that suppression is being continued because it suits the financial humbugs and makes it more possible for them to swindle the rest of the world. . . .

The effect is what is important. If, during 1948, instead of the fictitiously low level of £8 12s. 3d. which was the Bretton Woods level of gold at that time before devaluation, gold had been set free, and the market price proved to be £22 10s. which was what gold in such free markets as those was sold at, I cannot say what would have happened, but we might suppose that the whole lot would have gone. I am certain that a good deal of it would have because a few months ago South Africa let loose £10 million of gold and the whole lot was snapped up at £22. That is the only figure which I can quote and which hon. Members can check. The effect of selling that gold at £8 12s. 3d. instead of £22 10s. meant that £2,200 million dollars less than ought have been was put into circulation in world trade. That is what happened. . . . As a result of this artificial restriction, £2,200 million too few dollars were injected into the whole circulation of international world trade.

Let us look at the other picture. I have forgotten the number now, but during the war I asked the then Chancellor of the Exchequer how many people were engaged in digging gold out of the ground from one hole, refining it, and then sending it across to the other side of the world and burying it in another hole. The answer was about 460,000 but one of my more facetious friends asked whether that included women gold-diggers, which quite spoilt the effect! We have here the astonishing situation that the United States are pouring out goods—for the purpose of what? For the purpose of acquiring gold, in my conception but not in the conception of the majority of the world who support this ridiculous Agreement, including my hon. Friend and the Chancellor of the Exchequer, which is then buried in the vaults at Fort Knox to the order of 24,500 million dollars, or £10,000 million; or about one-third of the British National Debt in gold. There it is, doing nothing, representing nothing, and utterly useless.

That is at a fictitious value, but if we put it up to its real value, it is two or three times that amount. If we did that, it would be £27,000 million, which is equal to our National Debt in gold! It means that the wretched population of the United States are being deprived of goods to this value while the gold lies idle and useless in Fort Knox. It brings to my mind the old story of how someone emptied a couple of cases of gold and put concrete chippings equivalent in weight, and in volume. The cases were then shipped as gold to London, and from London to somewhere else as gold eventually arriving at Fort Knox where they were accidentally dropped and broken, revealing their contents—there was the concrete chippings, but it did not really matter at all. . . . I am trying to persuade the Chancellor of the Exchequer that he ought to do something about it. The only way I can really persuade him to do that, because I do not get many opportunities of speaking to him except through HANSARD, is by reading a little lecture on what I call the first principles of phoney economics, in order that perhaps at breakfast time tomorrow he will read, mark and inwardly digest what I have been saying and do something about it. After all, it is his fault, because he allows this to go on. South Africa would willingly stop sending gold to America, but the Chancellor of the Exchequer says "No." The Chancellor of the Exchequer gets all the finance Ministers together and perverts them. . . . whereas other prices have gone up three times the price of gold has gone up by only 70 per cent.—less than double—and the cost of production is very high. The result is that about 90 per cent. of the gold mining companies on the west coast of Africa have been closed. If gold was restored to the free market price the Gold Coast, instead of producing 600,000 ounces of gold would produce at least 1 million, which would solve the great economic problem of one of our Colonies. In the last 50 years 120 companies have been started on the Gold Coast; now they have been reduced to 12, of which only six are positively active.

Then we come to the question of sales to Belgium, Switzerland and other countries. If we add up the balance sheet of £100 million from South Africa which should have been valued at £270 million; Gold Coast production, which ought to have been £22½ million instead of £5½ million; sales to Belgium, which ought to have cost £56 million instead of £20 million; sales to Switzerland, which instead of costing £15 million, ought to have cost £45 million; sales from Britain to the rest of the world, £135 million; and add the production of Canada and Australia, which is about

2 million ounces, which gives us a figure of £45 million—we find, very remarkably this is a problem which no one seems to understand except me—that extra income from the hard currency areas would be £321 million.

Our deficit for the half year was £239 million. Hon. Members can add up the figures for themselves; I know my figures are correct. I expect the Economic Secretary "cooked," I mean prepared, the figures that went into the White Paper, showing that £239 million was our deficit for the half year. My system would give us an extra £321 million for the full year; in other words, it would get us more than half way home. I know what my hon. Friend will say in reply to me before I hear it. He will say that it is nothing to do with us, but all to do with America. I want to advance suggestions as to why he should persuade the Americans that it is in their interest to support my system. He and I and all of us know that world trade is out of balance. If we are to have gold based on the monetary system which we have got, however much we seek to deny it, it ought to be at the right value and not at a fictitious value. To revalue gold at the actual selling price on a free market would tend to restore real values the world over.

Second, it would expand the basis of credit everywhere, particularly in America. The mere fact that it did that would stop deflation on the other side of the Atlantic and, much more than that, would prevent future inflation in America because that expansion was available. I know that people say that what would happen would be that prices would break and there would be inflation. I do not believe that to be true. My hon. Friend should persuade America to revalue at a higher level. Instead of £12 10s. per fine ounce gold should be £22, or let me put it modestly and say 70 dollars, per fine ounce. There is in fact no direct relationship between the amount of gold at Fort Knox and the amount of dollars in circulation. Anyway, that is under the control of the Treasury in America, and they can stop inflation if they want to or they can let it go on.

Fourthly, it would do one of the things of which we are all rather afraid, it would get us over the difficulty of the keen embarrassment which we by our action are going to cause American manufacturers as a result of deflation. Without any doubt whatsoever, we are going to take away from America very considerable markets if we go about it the right way. Inevitably, because of the increased circulation of dollars as a result of devaluation throughout the rest of the world there will be a bigger demand for American goods.

The dollar gap would be closed over night. It would be brought within what the Chancellor has called "manageable proportions" which to me is very like the lawyer's term of "reasonable"—nobody knows what it means! At any rate, the gap would be reasonably reduced, and the headache of my right hon. and learned Friend would be gone with the result he could sleep peacefully at night. . . .

. . . In conclusion I place the responsibility for the whole position on the indecent haste with which Bretton Woods was rushed through this House despite the protests of many Members and the promises that were given to us by the Coalition Government. . . .

Mr. Norman Smith (Nottingham, South): I wish to associate myself with the hon. Member for Ipswich (Mr. Stokes) in the remarks he has made. . . .

(Continued on page 7).

THE SOCIAL CREDITER

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The Medical Police

(The following important article appeared in THE AUSTRALIAN SOCIAL CREDITER for November 26:—)

In its editorial article on October 29, 1949, the *Medical Journal of Australia* quotes from an article in *The New England Journal of Medicine* of July 14, 1949, by Leo Alexander, a psychiatrist who was consultant to the Secretary of War of the United States, dealing with the extermination in Germany of the physically or socially (our emphasis) unfit. The extract is as follows:

All state institutions were required to report on patients who had been ill five years or more and who were unable to work, by filling out questionnaires giving name, race, marital status, nationality, next of kin, whether regularly visited and by whom, who bore financial responsibility and so forth. The decision regarding which patients should be killed was made entirely on the basis of this brief information by expert consultants, most of whom were professors of psychiatry in the key universities. These consultants never saw the patients themselves. The thoroughness of their scrutiny can be appraised by the work of one expert who, between November 14 and December 1, 1940, evaluated 2,109 questionnaires.

These questionnaires were collected by a "Realm's Work Committee of Institutions for Cure and Care." A parallel organisation devoted exclusively to the killing of children was known by the similarly euphemistic name of "Realm's Committee for Scientific Approach to Severe Illness Due to Heredity and Constitution." The Charitable Transport Company for the Sick transported patients to the killing centres, and the "Charitable Foundation for Institutional Care" was in charge of collecting the cost from the relatives, without, however, informing them what the charges were for; in the death certificates the cause of death was falsified.

Commenting on this article, the *Australian Journal* remarks that Alexander points out that the crimes described by him started from small beginnings and that the first step was merely a subtle shift in emphasis in the basic attitude of the medical personnel. "Alexander insists—and there is no doubt that he is right—that it is most important to realise the 'infinitely small wedged-in lever' from which the entire trend of mind received its impetus."

The basic premise on which the British National Health Service is founded is Assumption B of Lord Beveridge's Report: "Comprehensive health and rehabilitation services for prevention and cure of disease and restoration of capacity for work, available to all members of the community." (Our emphasis). It will be clear to our readers who have followed in "On the Record" [*] items dealing with the British National Health Service that the "subtle change in emphasis" has

already proceeded very far. The whole traditional structure of the medical profession in England has been dislocated, and that, we think, as a quite deliberate preliminary to its reconstruction as an instrument serviceable to a completely totalitarian organisation of British society.

This fate of the medical profession—and the public—in England resulted from an act of betrayal by the leaders of the British Medical Association in England. It is known for certain that those leaders not only were fully informed of what might be expected, but that they manipulated the Association, against the wishes of by far the majority of its members, so as to make possible the introduction of the Government's plans.

At first sight, the idea of 'free' medical attention is attractive. But it should be observed that the effect of any scheme proposed by the Government, in Australia as in England, is to make the Government, or one of its agencies, the employer of the doctor. That constitutes that "first step" in bringing about "the subtle shift in emphasis in the basic attitude of the medical profession."

It appears that the British Medical Association in Australia is awake to the real dangers of the present situation, and that its policy is directed to the preservation of the private and confidential relationship between patient and doctor, with the responsibility of the doctor directed solely to the patient. It is this relationship which is the one barrier to the developments which in Germany led, according to Alexander, to the extermination of 275,000 people because they were useless to "the State."

"Light Horse" in Australia

The Editor, *The Social Crediter*,

Dear Sir, :

Enclosed is a cutting from *Rydge's*, one of our leading Business Journals, for August, 1949. It would appear that the Light Horse is looming up at the back of the field. The race is not over yet. Best wishes . . .

Yours faithfully,

VICTOR MORTON.

Riverdale, Western Australia.

(Enclosure)

(Copy)

POLITICS AND ECONOMIC POLICY:

Like "J.P." (*Rydge's*, June, 1949), I am dissatisfied with the lack of economic thought in the policies of our political parties. But unlike the writer of the paragraph, I think the solution is in constitutional, as distinct from party political, reform. The Constitution is of the nature of the rules of the game, with the High Court and Privy Council as umpires for disputed points.

I would suggest some thought be given to the following:—

- Each party state in its Leader's policy speech what the implementation of its policy will cost the taxpayer.

- The secret ballot be abolished, the reason for it (victimisation) having vanished, and each voter's name and party be recorded.

- Those who vote for the successful party pay 60 per cent. of the taxation necessary to implement its policy, and those who vote against it pay 40 per cent.

Reform of this nature would solve half "J.P.'s" problem by making the politicians bring their slogans "full employment," "reduction of taxation," "encouragement of enterprise," and the like, down to the plane of practical & s. d. reality.

—P.E.

[*] A feature of each issue of our Australian contemporary.

You Have Been Warned

By NORMAN F. WEBB

It is twenty-eight years since 1922, in which year Major Douglas wrote this:—

"Before breaking up the wonderful machine of civilisation and industry as we know it . . . it is well to remember that there is *prima facie* evidence that, considered simply as a machine, it is deserving of a high degree of respect . . . An organisation which permits a coolie in India to grow rice and jute in the certain knowledge that cotton fabric from Manchester will accrue to him as a result, is a good organisation *per se*, and there is absolutely nothing in the published plans of any Socialist body which offers the slightest prospect of replacing effectively the arrangements which at present enable such a co-ordination of effort to function."*

Some of us really attended to what he said, but relatively speaking, only a few, and how many of the implications of that, and a host of other warnings, did even we grasp at that time? It is a question of vision and standpoint; imagination and a knowledge of our own real needs and the nature that cries out for them. And those who have "stuck it out," as well as those who have since had the perspicacity to achieve and hold on to this "glimpse of reality," can congratulate themselves (even if the net result has been apparent failure) on their enlightened resistance to the deliberate, and general debasement of values that has, and is still unfortunately taking place. Because debasement of value is the crux of the matter. The point at which the drug begins to operate, as it were, is the individual's sense of Value; his appreciation, from the highest standpoint and the widest point of view of what, *for himself*, is the best thing—that, and having the will to choose it. As Douglas says further on in this short, but prophetically enlightened essay: "There are only two Great Policies in the world today—Domination and Freedom. Any policy which aims at the establishment of a complete sovereignty, whether it be of a Kaiser [Prussia of course was a *Monarchy* in the sense that England never was, even under the Tudors], a League, a State, a Trust, or a Trade Union, is a policy of Domination, irrespective of the fine words with which it may be accompanied; and any policy which makes it easier for the individual to benefit by association, without being constrained beyond the inherent necessities of the function involved in the association is a policy of Freedom."

Could anything be more clearly or simply put than that! All the factions cry Freedom today; in the historic phrases of Mr. Arnold Toynbee, denying with their lips what they do with their hands, which is helping to pile up the restrictions about the unfortunate individual. How do they do it? What is the secret of their power? The answer to that is, they do it by the degradation of Value; by confusing and disintegrating the individual's slowly and painfully built-up sense of value where he himself is concerned—what Jeremy Bentham so aptly termed "enlightened self-interest"—his responsible view of what is best for himself in the reasonably long run, and having due and decent regard for the reasonable needs of his associates. And so quickly has this obliteration of painfully acquired standards been accomplished, with the help of the Industrial Revolution—the impact, really, of rapidly expanding series production on a faulty price-system—that we who are no longer young have personally witnessed a considerable part of the actual submerging process, from the precarious mental elevation to

which Douglas called us. Standing there, we have noted the invidious attack on the preoccupied individual's judgment, till his very commonsense, and finally the very posture of his thought became inverted, until now he can be got to accept the grossest tyranny under the label of Democratic Freedom. There would be no profounder point of difference between, say, the Twentieth Century Londoner and the Londoner of the Sixteenth and Seventeenth Centuries than that between their respective judgments of Value where their real interests were concerned.

The basis of sound judgment, as Douglas says further on is independence of mind, and the only soil in which it can be successfully cultivated is a freedom based on stability of environment implying ultimately stability of mental values. Environment may be as harsh as you please, as devoid of amenities as a log cabin in a forest clearing; but as long as an individual knows his environment for what it is, and is reasonably assured of its stability, its predictability, he is relatively free to exercise and cultivate and enlarge his independence and judgment, to develop himself and his surroundings, in short to live. That is the only freedom we really desire, or can have. Nineteenth Century "laissez-faire," as it is called, may have been, indeed was, terribly harsh; but in Mid-Victorian Britain men had not sufficiently lost reverence for the Natural Law and its operations as to be able seriously to consider tampering with it, or rather, ignoring its potency in their social and constitutional organisations. That puerile idea came in with the theories of Marx, and grew up with the assistance of Bernard Shaw and the Fabians. The working-man—the Lower orders, so-called—may have been hedged in from proper access to economic independence which as Douglas says, is one of the first pre-requisites to independence of judgment; but what he had not yet been entirely robbed of—and without which there can be no individual judgment whatsoever—was a more or less common respect for the Natural Law, as something operating irrespective of persons, and ultimately applying to, and inescapable by, high and low, rich and poor, governor (Government) as well as governed. Even in the darkest pre-Shaftesbury days of the Industrial Revolution, that faith, or knowledge, had not entirely disappeared. The individual "sinner" erred, if he did err, inside a known and commonly allowed frame of reference. Absolute, ethical Value still retained an appreciable luminosity, against which men's deeds were silhouetted, regardless of any wire-pulling. There was still sufficient light to distinguish between the right hand and the left. Treason was still treason, and a basis still existed upon which a man could be impeached for it. It took all the impish and frivolous Shaws, and the irascible and embittered Wellses and the doctrinaire and reformatory Webbs, and their international friends, working like niggers under the jealous and perverted inspiration of two North Germans of alien faith, Karl Marx and Ernest Cassel, to reduce that glow to its present expiring glimmer. They it was, through their instrument, the London School of Economics, who directly and deliberately nursed to maturity the present practically valueless Labour Government, and who have so debauched Tory thought as to leave Parliament almost without opposition to the avowed and wholly treasonable dismemberment of the British Empire.

Again, how was it done? How is it done? And again, quite simply; by destroying standards, which is the inevitable and diabolical mission of all who play with dialectical materialism. Almost the only superiority left to us Britons is our blessed lack of facility in carrying out the operation of

*These Present Discontents, by C. H. Douglas.

destroying ethical standards as ruthlessly and quickly and effectively as the Germans and Russians. First and last, it is done by education, both juvenile and adult, employed to spread the anti-Christian falsehood that there are no natural inexorable laws, and therefore no wholly dependable Law, above and beyond, and outside the human individual. The inescapable inference being that this universe is a flux of Personality, or personalities, and nothing else; and that there can be no such thing as a common ground of understanding on which two human entities can meet and agree, or even differ decently. Because the ground must always and inevitably be that of the materially stronger party, of his choosing. In these circumstances, therefore, there can never be more than two parties to a dispute—the Value or common standard representing the original third party, or estate, (the trinity of interests to which their respective demands should be referable) having been destroyed—so that the issue can only be decided on a basis of superior strength, numerical or physical; counting, or breaking heads. Under these debasing conditions of so-called Democracy, knowledge becomes a matter solely of publicity and propaganda, at the discretion of him whose hands are strong enough to keep a hold of the “mike”; and Justice (the verdict) is to him who controls the national credit and pays the judiciary. Once all that has been achieved, as is practically the case today in Russia, you will have completely destroyed all Value, and consequently all values, and so rendered existence valueless.

To get a clear idea of at least one aspect of all this, let us return to this essay of 1922—written almost a quarter of a century remember—before Aneurin Bevan acquired control of the Building Industry and House Agency Business through the Ministry of Health and Housing, and before the general public, or Major Douglas himself, or the doctors and dentists for that matter, had heard his seductive arguments. “As to every-day, practical, individual freedom, it will no doubt be granted that any man or woman who at present time is in possession of a stable income of the ‘unearned’ description, of, say £1,000 *per annum*, is economically free, *i.e.*, such a person is sure of a reasonably high standard of life, even though his opinions may be highly distasteful to a large number of people.

“This statement is only true, however, so long as the general level of prices of those articles which are actually used to make the standard of living, *i.e.*, ultimate commodities, remain as at present. But let us imagine that the control of all housing came into the hands of one man, who bought each house at ten times the present market cost, obtaining the (no doubt fabulous) sum of money required by means of an overdraft at the banks, *based on his ability under the circumstances, to make the rents of houses ten times what they are now*, then this statement would no longer be true. Our hypothetical freeman would once again have become a slave because his necessities would force him to obtain more ‘money’ on any terms imposed by those in control of it. The essential thing which would have happened is that a Housing Trust would have come into possession of the whole of the *credit-value* attaching to the *demand* for houses, and would have been able to make any price for a house, so long as that price enabled the Trust to retain the bank-credit with which the house was bought.”

In a sense it is a shame to take that from its context, a context that posits the whole case for Douglas’s Compensated Price, and shows clearly that failure to adopt something of the kind will mean the final degradation of the credit-value,

not only of houses, but actually of “money” itself—the simple belief, similar to that which we all have in the foot-rule, in its impartiality and inexorability—and must lead ultimately to Bolshevism, which is no more than the Twentieth Century name for what the Victorians called Nihilism, or the destruction of all values . . . “not to the Bolshevism of the idealist,” says Douglas, “probably including in that category M. Lenin, but the Bolshevism which the policy of the destruction of credit attaching to money has forced on M. Lenin, which replaces inducement by compulsion, the bank note by conscription of labour.” And don’t let us forget that when that was penned, Joseph Stalin was a name as generally unknown as Aneurin Bevan.

It is, or should be, the function (almost the sole one) of Governments to uphold value by means of the preservation of the Common Law of the land, which itself is the mundane reflection of the Natural or Ethical Law. Society, individuals in association, can be trusted to administer their own functions and hammer out their own means of co-operation, and evolve their own forms of cultural self-expression, if Government guards, so to speak, the ethical context or metaphysical frame of reference, in which society operates. But with the destruction of Value and the sense of form (and so, conformity), we see that Government tends to vacate its seat of authority and merge itself as a super-Trust in this battle of Trusts which concentrated and unbalanced functional society comes more and more to resemble. Armed with “executive power” and the discriminatory weapon of taxation, and with the Services under its control, governments seek to compete as a rival in the game of Big Business; with the rules and their administration entirely under their control. That is Statism, dictatorship, and to perpetuate itself it must liquidate all rivals and all independence and consequently it is the enemy of inalienable property which is the ultimate basis of Value. Individual independence of thought, we have seen from Douglas, derives from the possession of a *portion of unalterable Value i.e.*, private property, which in its turn, is “the last enemy” of would-be economic and political dictatorship. And so we read in the last paragraph of this first section of this essay: “The only essential to the complete ascendancy of the hypothetical Trust (which might, and probably would, be not only economic, but moral and intellectual) is that it should centralise the credit [nationalise the Bank of England] and retain the power of price-making [*i.e.*, trustify all production under the Board of Trade]. In order to make the analysis of any value, however, we have both to ascertain whether such a centralisation of credit is probable, whether the function of price-making is indissolubly attached to it, and whether, in the first place, our economic freeman had any ‘right’ to be in possession of ‘unearned’ income (and so may be the prototype of the New Citizen), or whether it was merely obtained at the expense of someone else, as the orthodox Socialist would have us believe.”

Unfortunate that the lapse of twenty-eight years has gone to prove the more-than-probability of “such a centralisation” of credit. While the right to own private property is within short distance of being abolished. But who can say that the English-speaking world was not warned!

Kerensky in England?

The *Daily Graphic* is cited for the statement that Alexander Kerensky, who paved the way for the Bolshevik Revolution in Russia, is in this country.

PARLIAMENT (continued from page 3.)

... After all, one cannot consider this matter in a vacuum. It has to be considered in relation to its antecedent causes, and the whole story began at Bretton Woods in 1944. The relevant and significant part of what happened at Bretton Woods is that, of the 45 nations there assembled to consider the whole problem of the post-war international currency, if I may perpetrate a piece of quite deliberate myosis, 44 had not much knowledge of what they were talking about. Unfortunately, the British plan sponsored by the late Lord Keynes, which was comparatively reasonable, was turned down, and the American plan of the gold-based dollar as the international currency prevailed.

It prevailed because at Bretton Woods the Americans were able to convince the 44 "not know-how" nations of two things. First, they said that at the end of the war Great Britain would be bankrupt; that she would have some £3,000 million of 3-months bills outstanding, all of which would be presented simultaneously and dishonoured, and that would mean the financial bankruptcy of Great Britain. They succeeded in convincing the 44 "not know-how" nations, but I do not think they convinced Lord Keynes, who had a mercantile sense and knew how little mercantile sense the Americans had. At the rate they are now going on, they never will have any. The other argument was the extreme one that at the end of the war, in contrast with the British position, the Americans would have circulated 35 billion dollars of expenditure by the American Forces overseas, which would be a glorious amount of spending power to form the kitty for the world currency system of the gold-based dollar.

Both expectations have been falsified. The £3,000 millions of what we now call sterling balances—I could never understand why—were not presented simultaneously, and still less dishonoured. As for the 35 billion dollars, they all went home long ago, because for physical reasons, America alone in the world was able to satisfy the world's hunger for real goods, particularly manufactured articles. Both premises upon which the Americans based the claim for the gold-based dollar currency have been completely falsified in the event, and we are thus no longer bound to honour this thing.

This evening I went to a meeting of the Commonwealth Parliamentary Association and heard the Premier of Queensland telling about sugar negotiations contemporaneously going on, and giving a meeting of Members of Parliament to understand that the sugar people from every country are thinking seriously in terms of the international monetary conditions of the early '30s, when an abundance of sugar could not get to the people who needed it in other countries purely and simply for monetary reasons. If all that is coming back again, it is a convincing argument against an international gold standard.

The pleading of my hon. Friend the Member for Ipswich and myself ought to commend itself to the Economic Secretary. Just before the war he did something tremendous which had never been done before in the Labour movement. I speak with 43 years' experience of that movement. He put one over Transport House good and proper. I forget the name of it, but he wrote a pamphlet, some of which might have been written by me or my friend, Major Douglas. It bore the imprimatur of Transport House and the name of my hon. Friend the Economic Secretary to the Treasury. I wish he were his pre-war self instead of what he has since become.

After all, this state of affairs is pretty serious. My hon. Friend the Member for Ipswich used the phrase "an instrument of American policy." We in this House are not Americans: we are Englishmen or Britishers. Why should we not stick up for our own country and strive for an international monetary system to promote British and not American interests. I would even add the plea not merely that His Majesty's Government should go to the length of making what my hon. Friend the Member for Ipswich called "proper representations in the appropriate quarter" but that the Treasury should call together the whole of the British Empire countries to work out a scheme for the unilateral denunciation of the gold clause of the Washington Agreement. I am convinced that that would do nothing but good. The great argument against all this gold nonsense is that we cannot expand the quantity of gold as fast as the scientists and inventors can expand the quantity of goods. That is the economic argument, but there is a political argument also... namely, that we in this little island with its tremendous population have somehow or other to feed our people, and we shall not do that so long as we assent to an international financial system calculated in the interests of Americans and not of our own countrymen.

The Economic Secretary to the Treasury (Mr. Douglas Jay): ... The facts are as follow. The dollar price of gold is, of course, and always must be, primarily the responsibility of the United States Government, because it is the buying price of gold for the United States Treasury. That is and must be so.

Mr. Stokes rose—

Mr. Jay: I had better continue. The legal position in the United States, by the American Bretton Woods Act, 1945, is that the American Government can only alter the dollar price of gold with, firstly, the consent of Congress, and secondly, the approval of the International Monetary Fund. That applies to all countries which are members of the International Monetary Fund. But I think the fact which my hon. Friend omitted to notice was that a change in the par value, as it is called, of any member country's currency can only be proposed to the International Monetary Fund by that country. A change in the dollar price of gold, therefore, could only take place if such a proposal were put to the International Monetary Fund by the United States Government.

Mr. Stokes: May I interrupt? Really that is evading the issue. It is clearly laid down in the regulations that the £ is to have a fixed value in relation to the dollar, the price of which was fixed in relation to gold. I do not dispute, and neither do my hon. Friends, that the American Treasury may fix the dollar price of gold. They can state the price at which they will not buy, but under these regulations they may even alter the price of gold. That is what I consider so "phony." We produce a great volume of gold in the sterling area, but under the regulations we cannot alter the price of gold except by approval of a majority of the International Monetary Fund of which America holds 30 per cent. of the votes.

Mr. Jay: I was just pointing out what the position is under the Bretton Woods Agreement to which we adhere. The dollar price of gold can only be altered if there is a proposal to that effect by the American Government. Exactly in the same way, the sterling price of gold, which is the responsibility of the British Government, can only be altered

if there is a proposal by the British Government to the International Monetary Fund, and which is then approved by the Fund, as actually occurred in September. Therefore, it follows that it could not be a responsibility of the British Government to propose to the International Monetary Fund any alteration in the dollar price, because it would be out of order to make such a proposal to that Fund. . .

Mr. Stokes: May I ask my hon. Friend a question which I have asked him about 25 times at Question Time? What is to stop us proposing to the International Monetary Fund that with today's relationship between the £ sterling and the dollar, the price of gold from the sterling area should be put up to £40 per fine ounce?

Mr. Jay: What is to stop us proposing to the International Monetary Fund an alteration in the dollar price of gold, is Article V of the Bretton Woods Agreement. There is nothing whatever to prevent us from proposing, if we wish, that the sterling price of gold should be altered, but, as I understood my hon. Friend, the main issue which he has raised tonight is the question of the dollar price of gold.

Mr. Stokes: That is no answer.

Mr. Jay: I was going on to say that on that issue we should also remember that the President of the United States said clearly, on November 10, that so long as he was President the price of gold, by which he meant the dollar price of gold, would remain the same.

Mr. Stokes: Then he will have to go.

Mr. Jay: That was an important pronouncement which I think we must take into account.

In these circumstances I do not think that it would be appropriate for me to follow my hon. Friend very far in his very interesting argument on the question of whether it is desirable from the point of view of the sterling area that the dollar price of gold should be higher, or lower. I take note of what he said. I would only point out now that in some respects the question is perhaps not so simple as he has suggested. It is, of course, true that if the dollar price of gold were raised, the gold reserves and the gold production of the sterling area would become more valuable in terms of dollars.

I think my hon. Friend, however, overlooked the fact that one of the effects of a rise in the dollar price of gold would in all probability, though it is not certain, be a rise in the dollar price of commodities in the United States. It does not necessarily follow, therefore, that because the gold production of the sterling area would earn more dollars, it would earn more wheat, timber and cotton and other commodities which we buy from the dollar area. That is a question which could be debated, and I mention it only to suggest to my hon. Friend that the issue is perhaps a little more complicated than he suggested.

Mr. Stokes: I tried to explain to my hon. Friend that that is precisely what would not happen. . . .

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