

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

Vol. 23. No. 18.

Registered at G.P.O. as a Newspaper.
Postage (home and abroad) 1d.

SATURDAY, DECEMBER 31, 1949.

6d. Weekly.

IT IS PROBABLE THAT THE DEFEAT OF THE LABOUR PARTY, THE MAIN TOOL OF THE FINANCE SOCIALIST PLOT IN AUSTRALIA, IS LARGELY DUE TO SOCIAL CREDIT ACTIVITIES AND, IN PARTICULAR, THE ENERGY OF MR. ERIC D. BUTLER. IN A COMPARATIVELY SMALL POPULATION SUCH AS THAT OF AUSTRALIA, THE CATALYSING EFFECT OF AN EXPLANATION SUCH AS THAT WE PRINT BELOW IS OUT OF ALL PROPORTION TO THE APPARENT INFLUENCE OF THE BODY FROM WHICH IT PROCEEDS.

Notes on the Fabian Socialist Society and its Associations

By ERIC D. BUTLER

The fountainhead of Socialist ideas in English-speaking countries is the English Fabian Society and its associated organisations.

One of the most notorious Fabian Socialist theoreticians is Professor Harold J. Laski, whose influence has dominated Socialist Movements in all parts of the world. Late in 1946 Laski paid a visit to Soviet Russia and had discussions with Stalin. After these discussions Laski made the public declaration that English Socialists and Russian Socialists were approaching the same objective by different roads. This was a very important statement.

Late last century Karl Marx said that the British would never make their own revolution and that foreigners would have to make it for them. (This statement was made in 1870 in a secret message sent by Marx from London to the Internationale in Geneva.) But a violent revolution such as the Communists envisage, is not the only type of revolution. There is such a thing as a silent revolution, the undermining of a nation's institutions from within. This is what the Fabian Socialists set out to accomplish. Their policy was one of influencing all other political groups by permeation and infiltration: Sovietisation by stealth.

The Fabian Society, which took its name from Fabius Cunctator, the Roman dictator who eventually defeated Hannibal as a result of a policy of gradualness, was launched in the winter of 1883-84 under the leadership of Professor Thomas Davidson, "an ethical Anarchist Communist." He was soon superseded by the Webbs and George Bernard Shaw.

The policy of permeation soon started to bear fruit. Politicians of all parties were influenced. George Bernard Shaw has frankly described this policy: "Our propaganda is one of permeating—we urged our members to join the Liberal and Radical Associations in their district, or, if they preferred it, the Conservative Associations—we permeated the party organisations and pulled all the strings we could lay our hands on with the utmost adroitness and energy, and we succeeded so well that in 1888 we gained the solid advantage of a Progressive majority full of ideas that would never have come into their heads had not the Fabians put them there."

Shaw has also revealed how the Fabians used English

Liberal Party members for their own purposes: "I being then a permeative Fabian on the St. Pancras Liberal and Radical Association (I had coolly walked in and demanded to be elected to the Association and Executive, which was done on the spot by the astonished Association, ten strong or thereabouts), took them down to a meeting in Percy Hall, Percy Street, Tottenham Court Road, where the late Mr. Beale, then Liberal candidate . . . was to address as many of the ten as might turn up under the impression he was addressing a public meeting. There were certainly not twenty present, perhaps not ten. I asked him to move the resolutions. He said they looked complicated, and that if I would move them he would second them. I moved them, turning over Webb's pages by batches, and not reading most of them. Mr. Beale seconded. Passed unanimously.

"That night we went down to the 'Star' with a report of an admirable speech Mr. Beale was supposed to have delivered. Next day he found the National Liberal Club in an uproar at the revolutionary break-away. But he played up . . . said we lived in progressive times and must move with them."

On page 310 of his *Reminiscences*, the Socialist leader, Hyndman, wrote about "the bureaucratic Fabian Society which so assiduously promulgated the doctrine of middle-class permeation and high-toned intrigue."

After his failure to get control of the Fabian Society early this century, the Socialist writer, H. G. Wells, spoke of the Fabian technique of "permeation," and described its leaders as "a very small group of pedants who believe that fair ends may be reached by foul means." Wells also referred to Sidney Webb as an "incessant little intriguer." In view of the Fabian technique for destroying responsible Government and constitutional safeguards, which we will examine later, it is appropriate here to refer to Wells's description of Webb at work. After he had written his book *The New Machiavelli*, Wells was asked whether the Baileys in this book were the Webbs. According to the *English Sunday Express*, of December 11, 1927, Wells said that the Baileys were not the Webbs, "but only Webby people." In *The New Machiavelli*, Wells describes Bailey—i.e., Webb—as follows: "I can still recall little Bailey, glib and winking, explaining that Democracy was really just a dodge for getting assent to the ordinances of the expert by means of the polling booth."

Elie Halévy, the noted historian, has confirmed what Wells had to say. Writing of the Webbs, Halévy states: "I can still hear Sidney Webb explaining to me that the future belonged to the great administrative nations, where the officials govern and the police keep order." Halévy has also recalled Shaw arguing that "the world is to the big and powerful States by necessity; and the little ones must come within their border or be crushed out of existence."

One of the most dishonest pieces of writing issued by the Webbs was their lengthy work, *Soviet Communism: A New Civilisation* (1935), in which they used all their Fabian trickery to try and whitewash bolshevism. The

following is a typical example of their dishonest methods:

"No one can compute the sum of human suffering caused by this triple revolution over so vast an area, in so brief a time; amid the most embittered civil war, supported by half a dozen foreign armies actually invading Soviet territory . . . But equally no one can compute the sum of human suffering even unto the death, caused in England by the Protestant Reformation, the Industrial Revolution, and the triumph of democratic parliamentarianism, the whole drawn out over four centuries, with only the mildest of civil wars, and with next to no foreign wars."

Needless to say, when the Webbs visited Soviet Russia, they were treated as favoured guests. Even so, the Webbs could not but help hear of the mass liquidations. They did not deny the human suffering that had taken place, but attempted to justify it as above.

Karl Marx's great collaborator, Engels, wrote of the Fabians as follows in 1893: "Their tactics are to fight the Liberals not as decided opponents, but to drive them on to Socialistic consequences; therefore to trick them, to permeate Liberalism with Socialism, and not to oppose Socialistic candidates to Liberal ones, but to palm them off, to thrust them on, under some pretext . . . all is rotten."

Mr. Ellis Barker wrote: "The Fabian Society is the least open and least straightforward Socialist organisation . . . it habitually sails under a false flag, wishing not to arouse suspicions as to its objects . . ." Dr. Beattie Crozier has written: "This process of secret and gradual insinuation was, in effect, a real conspiracy."

In her admiring biography of Mrs. Sidney Webb, Margaret Cole, herself a Socialist and friend of Mrs. Webb, writes: "Fabian tactics in general have been described as 'permeation'; and until their retirement from English politics, most of the Webbs' political work might fairly have been described as permeation of one sort or another. But the period around the turn of the century was really, as far as they were concerned, the time of 'permeation' in the stricter sense—the time when they had hopes of so working upon the capitalist parties from within as to make them Socialist unawares."

Technique of Centralising Power and undermining British Democracy

The Fabians shrewdly assessed the weakness of most politicians, irrespective of their label: the tendency to centralise political power. The Webbs and other Fabians set about influencing all politicians to support legislation which would so centralise power that a process of delegation of power to a growing bureaucracy became inevitable. Once the bureaucracy was empowered to make regulations and decrees having the force of law, responsible Government was undermined. In other words, the Fabians deliberately set out to pervert the Parliamentary system and to use it to reach the same objective which the Communists wanted to reach by force.

In his book, *Democracy in Crisis*, Professor Laski said that the first task of a Socialist Government would be "to take vast powers and legislate under them by ordinance and decree." Professor Laski has dealt further with the Fabian technique as follows: "The necessity and value of delegated legislation and its extension is inevitable if the process of socialisation is not to be wrecked by the normal methods of obstruction which existing parliamentary procedure sanctions." (from the Fabian journal, *New Statesman*, September 10, 1932).

Sir Stafford Cripps, Mrs. Sidney Webb's nephew, and an important Fabian, wrote in his booklet, *Can Socialism Come by Constitutional Means?*: "The Government's first step will be to call Parliament together and place before it an Emergency Powers Bill, to be passed through all its stages on the first day. This bill will be wide enough in its terms to allow all that will be immediately necessary to be done by Ministerial orders."

The Fabian technique of perverting the Parliamentary system to destroy responsible Government was dealt with in some detail by the famous former Lord Chief Justice of England, Lord Hewart, in his great classic, *The New Despotism* (1929). Lord Hewart made the following serious charge: "A mass of evidence establishes the fact that there is in existence a persistent and well-contrived system, intending to produce, and in practice producing, a despotic power which at one and the same time places Government departments beyond the sovereignty of Parliament and beyond the jurisdiction of the Courts."

The "persistent and well-contrived system" has been considerably advanced since Lord Hewart wrote his book. Government bureaucracies have been rapidly extended in all parts of the world, and the "key" members of these bureaucracies, the economic "advisers," have virtually become the framers of Government policies.

There was nothing new about the Fabian Socialists' ideas; they had all been applied in Germany last century under Bismarck, who worked together with the German Socialists to centralise power. Lord Haldane, close friend of the Webbs, said on one occasion that Germany was his "spiritual home." As Hitler merely built upon the centralised Germany created by Bismarck and the German Socialists, it is instructive to note the following statement by the chief speaker at the Fabian International Bureau's Conference on March 15, 1942: ". . . There is not much difference between the basic economic techniques of Socialism and Nazism."

If Governments were to be controlled and "advised" by permanent officials, the Fabians realised the necessity of ensuring that the "key" officials were suitably indoctrinated with Fabian ideas. The London School of Economics was started in 1894 for this purpose. The London School of Economics is now attached to the University of London and receives a Government grant.

Professor Laski has been one of the principal instructors at the London School of Economics. In his book, *The Alien Menace* (1933), Lieut.-Colonel A. H. Lane pointed out that about a third of its teachers bore names of a highly foreign flavour. In *From Smoke to Smother* (1948), Douglas Reed, the famous English publicist, writes: "I found it (the London School of Economics) to be well known to Communists in Berlin, Vienna and Prague before the second war, and some of these young men did not disguise from me their belief that it could be used by Communists who wished to pursue their political activities in England under the respectable mantle of 'economics' and studentship."

When Sir Otto Niemeyer, at present a Director of the Nationalised Bank of England, visited Australia and other countries during the early part of the Great Depression, he was "advised" by Professor Theodor Emmanuel Guggenheim Gregory, who was detached from the London School of Economics in order that he might accompany Sir Otto Niemeyer.

Backed by Powerful Financial Groups

As it is often claimed that Socialism is opposed by all the "wealthy capitalists," it is necessary to emphasise that the Fabian Socialists were supported by some of the wealthiest financial groups in the world. Mrs. Webb herself inherited a small fortune from her father. George Bernard Shaw had no objections to marrying wealth. He married Miss Charlotte Payne-Townsend, Irish millionairess. It is also well to recall that Karl Marx was practically dependent upon his friend, Friedrich Engels, the wealthy Manchester "capitalist," for financial support.

In her autobiography, *Our Partnership*, Mrs. Webb reveals how she and her husband were helped finance the London School of Economics by the Rothschilds, Sir Julius Wernher, and similar financial magnates. The present Lord Rothschild is the leader of the British Socialist Party in the House of Lords.

Sir Ernest Cassel, German-Jewish financier, and associated with one of the most powerful international financial groups in the world, Kuhn, Loeb & Co., of Wall Street, New York, was the biggest financial contributor to the London School of Economics. In 1920 he saved the School from serious financial difficulties by a donation of £472,000. In *The Quarterly Review* for January, 1929 (pp. 187-8), Professor J. H. Morgan, K.C., wrote: "When I once asked Lord Haldane why he persuaded his friend, Sir Ernest Cassel, to settle by his will large sums on . . . the London School of Economics, he replied, 'Our object is to make this institution a place to raise and train the bureaucracy of the future Socialist State.'" It is worth recording here that Sir Ernest Cassel's favourite granddaughter is Lady Mountbatten, whose Leftist views are reported to have had a big influence on her husband.

The British Socialist Government introduced special legislation to enable Lady Mountbatten to anticipate her income under the will of Sir Ernest Cassel. Commenting upon this matter, the conservative English journal, *The Tablet*, said in its issue of May 21, 1949, that "the suspicion will remain that this exceptional treatment commends itself to Mr. Attlee and his colleagues because the advanced views of the beneficiaries also commend themselves."

Professor Laski was reported in the February, 1948, issue of the American *National Home Monthly* as having praised the Mountbattens, particularly Lady Mountbatten, who has a "social conscience." This is another way of saying she sympathises with Professor Laski's socialist policies.

(To be continued)

Taxation Like Snowball

"Mr. F. E. Baume, in his cabled article on British taxation, states that it matters little whether Labour or Conservatives are in power as the net results are much the same, and I am in agreement with him," writes C. F. Claasen (Rawene).

"In either case," he continues, "it grows and grows at an ever-increasing rate.

"Mr. Baume also mentions that Hitler's first finance minister was able to produce, without taxation, results proportionately greater than have been achieved by any Empire government imposing the heaviest taxation. I wonder whether it could be that in Hitler's case the accepted ideas about

money were made subservient to the needs of the people?

"Mr. Baume has, however, overlooked one bright spot in the taxation picture of the British Empire—the Province of Alberta, in Canada. The following figures show what a progressive Government can achieve, as compared with New Zealand:—

"In New Zealand the Government was elected in 1935, and had £40 millions in the Treasury; in Alberta the Government was elected in 1935, had no money in the Treasury and salaries were owing in education and other departments.

"N.Z. population is 1,600,000; Alberta, 800,000 with an area 2½ times greater than New Zealand. N.Z. from 1935 to 1947 enormously increased taxation; Alberta decreased taxation during this period, and had no wages tax.

"The N.Z. public debt was more than doubled between 1935 and 1947; Alberta reduced her public debt by £37 millions in that period, and the total liability will be repaid in 33 years.

"N.Z. collected over £2 million in sales tax in 1935 and over £15 millions in 1947; Alberta has no sales tax, but a 5 per cent, discount on purchases of goods made in Alberta.

"N.Z. has had 492 strikes during the last four years and has lost 185,940 working days; Alberta, during the last four years, has had six strikes and lost 25 working days.

"If," he goes on, "the State of Alberta, with its small population and partial self-Government, can achieve such results, then other countries better situated could improve their financial status or elect a government which can.

"Unfortunately certain detrimental influences are obtaining: important positions in Alberta, and no doubt they will work to that country's detriment, as they have done in other countries, but whatever happens in the future, the results achieved so far will always serve as a model for others to follow," he concludes.—*Truth* (New Zealand), February 23, 1949.

BOOKS TO READ

By C. H. Douglas:—

The Brief for the Prosecution.....	8/6
Economic Democracy	(edition exhausted)
Social Credit	3/6
The Monopoly of Credit	(reprinting)
Credit Power and Democracy	6/6
Warning Democracy	(edition exhausted)
The Big Idea	2/6
Programme for the Third World War.....	2/-
The "Land for the (Chosen) People" Racket.....	2/-
The Realistic Position of the Church of England	8d.
Money and the Price System.....	7d.
The Use of Money.....	7d.
The Tragedy of Human Effort.....	7d.
The Policy of a Philosophy.....	7d.
Realistic Constitutionalism	6d.
Security, Institutional and Personal.....	6d.
Reconstruction	6d.
Social Credit Principles	1½d.
The Republican Victory in the U.S.A.....	1d.

(Please allow for posting when remitting).

From K.R.P. PUBLICATIONS LIMITED,
7, VICTORIA STREET, LIVERPOOL, 2.

THE SOCIAL CREDITER

This journal expresses and supports the policy of the Social Credit Secretariat, which is a non-party, non-class organisation neither connected with nor supporting any political party, Social Credit or otherwise.

SUBSCRIPTION RATES: *Home and abroad, post free:*
 One year 30/-; Six months 15/-; Three months 7s. 6d.
 Offices: (Business) 7, VICTORIA STREET, LIVERPOOL, 2, Telephone: Central 8509; (Editorial) 49, PRINCE ALFRED ROAD, LIVERPOOL, 15, Telephone SEFTon Park 435.

Vol. 23. No. 18. Saturday, December 31, 1949.

From Week to Week

Our attention has been drawn to an article published in New Zealand, written by the Duke of Bedford.

The essay in question would have no political or technical importance if published in Great Britain, as it is unsound, and we should not refer in that case to it.

The Duke of Bedford is of course entitled to express his own opinions, some of which are at least courageous, but the idea that these opinions as a whole derive endorsement from either the fundamental principles or the financial technique of Social Credit has no justification. Incidentally, the Duke's Agent is Mrs. Osborne-Samuel.

There can be no doubt that the subject of Finance is, in many senses, guarded by Black Magic. Intrinsically, nothing could be simpler. You bake a loaf of bread; you give someone a white pebble; next day the white pebble is offered to you, and you accept it in exchange for the loaf, and everyone is happy. A more complex system is demanded by a more complex economy, but the fundamental principle that money ought to be simply an accounting demand system never changes, but is never observed.

After years of controversy, the A + B theorem, which indicated the necessity for a national dividend in some or several forms, was grudgingly admitted. But, said the cavillers, it is a matter of little importance; hardly worth attention. That a price-drop of 2 per cent. over the whole range of consumable goods is a national dividend of 2 per cent. on a capital of about twenty thousand million pounds is just something they cannot grasp.

Either "the progress of the industrial arts" is a colossal delusion: or the present price level is a colossal fraud. Anyone who cannot see that there is no other alternative has not even learnt the elements of financial dynamics.

The Plymouth Brethren (we think it was) used to have a saying that any religion short of absolute conversion was like unto filthy rags. It has been proved to demonstration in the last few years that anything short of a comprehensive grasp of financial dynamics is far more dangerous than complete ignorance. Witness the deadly nonsense regarding the "sole right of the State to issue Money."

The *Times-Herald*, (Washington, D.C.), in its leading article of November 30, exhibits that sense of financial reality which appears to have deserted the London press. Its technical arguments are far from flawless; but it does state quite clearly that "fiat money," the American term for a managed currency, is worse, far worse, than what was correctly termed "a fraudulent standard" *i.e.*, one which claimed to pay gold currency on demand.

What seems so difficult to get into the heads of all

these centralisers, conscious or unconscious, is that when a nineteenth century Englishman had ten golden sovereigns in his pocket, he was a tiny centre of credit. The fraud was not in the gold currency; it was in the stealthy setting up of a second, but much more extensive, credit system which filched the credit by raising the price-level. The virtue was not in the gold currency either; it was in the ability of the ordinary man to break the bank.

The whole conception of a managed currency is both fundamentally dishonest and pragmatically deceptive. The late Lord Keynes rendered some service to the cause of so-called monetary science more particularly in his earlier writings; but this service was more than cancelled by his lip-service to a conception with which he cannot have been in intellectual agreement.

We are much less impressed by the political and Cabinet-making gambit of Mr. Menzies in Australia, than by that of his opposite number in New Zealand, Mr. Holland. Labels do not mean much in party politics nowadays; but there is a suspiciously "Liberal" *i.e.*, Whig flavour about the immediate adumbration of a Ministry of Development. Whether the purchase of the Melbourne *Argus* by allegedly Israel Moses Sieff interests is a portent of the transfer of the major activities of P.E.P. to Australia, we have no means of knowing; but we are confident that the set-back of Dr. Evatt and the Chatham House-London-School-of-Economics gang is, up to now, more apparent than real. It can be made real; but only by constant, unremitting vigilance and effort.

The part in expelling the British from India which has been played by Jews—Sassoons, Isaacs, Samuels, to mention only figure-heads, and the peculiar role of the Roosevelt-nominee, Lord Mountbatten, lend additional interest to the disclosure that an "Israel-India Axis" is part of the long-term policy of the "Israeli" Foreign Office. Apart from many other reasons, the suitability of the immense Indian population as a field for money-lending at usurious rates invests the sub-continent with unique attractions to its new "friends."

Statesmen v. Planners

"Most Councillors appear to be public spirited men, having a desire to improve the welfare of local inhabitants, but there seems to be a considerable amount of confusion in their minds as to what should be their duties. . . . The conflict is between what could be called the 'Planners' and the 'Statesmen.' Most Councillors appear to cast their votes alternately for the planners, and for the statesmen, without any clear-cut policy.

"The 'Planner' is the man who starts off with a set idea of what he thinks the world ought to be, and assumes that by putting restriction upon the activities of those who do not agree, the 'planned' will automatically co-operate with the perpetration of that plan. He assumes that it is possible to 'plan' inside a vacuum devoid of all natural laws, and shape the world to his wishes. The true 'Statesman' is an entirely different person. He realises that according to Christian principles, man has certain rights, such as the ownership of property, and that he should be protected against the criminal tendencies of his fellows; he further realises that most men, if not all men, have a will to power, a desire to dominate their fellows, and that they become corrupt if placed in positions of unrestrained authority. This applies equally to the 'working man,' the trade union official, the

employer of labour, and the Civil Servant. The 'Statesman' therefore endeavours to strike a balance of power between all men, so that no one man or group of men shall dominate their fellows; this is the difference between a totalitarian, and a trinitarian government."—H. F. Marfleet in *Petts Wood District Advertiser*.

PARLIAMENT

House of Commons: December 7, 1949.

German Synthetic Rubber

Mr. Walter Fletcher asked the Secretary of State for the Colonies in view of the vital interests of Malaya in rubber production, to what extent his Department was consulted about the proposed level of production of synthetic rubber by the West German Republic.

Mr. Rees-Williams: I understand that the manufacture of synthetic rubber in the German Federal Republic is still prohibited. The question therefore does not arise.

Mr. Fletcher: As the dismantling of synthetic rubber plants in Germany has ceased, is it not certain that the question of their producing synthetic rubber will arise? Will the hon. Gentleman make certain through the Colonial Office that the interests of Malaya are safeguarded?

Mr. Stokes: Before my hon. Friend answers that question, may I ask him whether it is not a logical sequence to preventing the Germans from producing a sufficient quantity of the kind of things they normally produce, such as steel, that we should inevitably allow them to produce synthetic things like rubber in order to balance their budget?

Mr. Rees-Williams: The last supplementary question was of a rhetorical nature. As to the first supplementary question, I will inquire into the position in view of what the hon. Gentleman has said. I know that dismantling has stopped, but it does not necessarily follow that the plant will be used to manufacture synthetic rubber.

Colonial Territories (U.N.O. Resolution)

Mr. Ivor Thomas asked the Secretary of State for the Colonies whether, in view of recent decisions of the United Nations Assembly, he will give an assurance that there will be no transfer of British responsibility for trust territories and other non-self-governing territories to organs of the United Nations.

Mr. Rees-Williams: I can certainly give such an assurance.

Colonies (Parliamentary Representation)

Mr. Harold Davies asked the Prime Minister if he is prepared to recommend that a Royal Commission be set up to investigate the problem of Colonial government, with a view to considering the advisability of establishing Colonial representation in the House of Commons from each of the Colonies.

The Lord President of the Council (Mr. Herbert Morrison): I have been asked to reply. No, Sir.

Mr. Davies: Whilst thanking my right hon. Friend for that most explicit reply, and if he is not prepared to set up a Royal Commission, may I ask him if he does not think the time has now arrived when this Parliament should re-organise its attitude to the system of Colonial Government in an industrial, twentieth-century world? Does he not

believe that this would demonstrate to the Colonies that we really want to feel them at one with this House of Commons?

Mr. Morrison: I do not disagree with the excellent sentiment behind the question of my hon. Friend. The reason why we did not think this course was wise is that there are roundabout 50 Colonies and Dependencies which all have an individuality and whose constitutions vary very much. It was thought that it was better to go on handling them in regard to their individual circumstances, encouraging development towards self-government, and so on, rather than set up a Royal Commission which we thought would get into great difficulties in view of the large variety of Colonial Territories.

Dr. Segal: Is my right hon. Friend aware that this policy has been carried out by France for a great many years, and is there any justifiable reason why this country should lag behind France in this respect?

Mr. Morrison: Different countries have different ways. My own impression is that although France has representation of its Colonial Empire in the Chamber, I doubt if there is the same degree of development of self-Government which our Colonies possess.

Mr. W. Fletcher: Is the right hon. Gentleman aware that the French experience is not altogether a happy one in this respect?

Mr. T. Reid: Is it not a fact that there are 65 million people in the Colonies as against 50 million here, and that if they were all given votes and representation in Parliament in proportion to numbers, they would swamp this House? Is my right hon. Friend also aware that it would completely confuse the politics of this country, and that the Colonies themselves want self-government in their own countries and do not desire to share it with us?

Mr. Morrison: Those points coming at this time will, I am sure, be kept in mind by all of us.

Mr. Ivor Thomas: Whilst agreeing that the suggestion in the Question is not practicable, will the right hon. Gentleman bear in mind that a régime analogous to the Channel Islands or the Isle of Man, or even formal incorporation in the United Kingdom, might be the most satisfactory solution for the small territories such as the fortress Colonies?

Mr. Davies: This Question merely asks that some kind of committee be set up to investigate the problem, and I want to ask my right hon. Friend if he does not think it a little impolitic to give a bald "No" to a suspended question like this which might be misinterpreted in the Colonies?

House of Commons: December 7, 1949.

Political Propaganda (Expenditure)

The Attorney-General (Sir Hartley Shawcross): With your permission, Mr. Speaker, I wish to make a personal statement.

I desire to remove a serious public misconception which has apparently arisen following a Question put to me last Monday. On that occasion in a supplementary question the hon. and gallant Member for Penrith and Cocker-mouth (Colonel Dower) asked me whether in considering expenditure by commercial and public bodies in connection with electoral propaganda I would also consider "the gift by the Co-operatives of £30,000 for party political propaganda and also such gifts given by trade unions, and indeed money spent by the Central Office of Information on controversial prob-

lems." I answered, "I was going to say that as far as the first two cases of expenditure are concerned I have not any particular information about those, but from what has been said, I see no reason to distinguish these payments from other payments, whether public or secret to the political funds of any particular party." That was a correct statement, as I believe, of the existing law.

In a leading article in the "Evening Standard" on 6th December, to some extent repeated in the "Daily Express" today, it was stated that this was "an astounding admission" and it was suggested directly or by implication that my action in the matter of the enforcement of the law relating to election expenditure had been conducted and would continue to be conducted in a partial manner and influenced by political bias. This statement besides constituting, although I hope inadvertently, a grave libel upon the office of Attorney-General, gives publicity to a complete misconception of the law, on a matter of immediate public concern.

So far as the electoral law is concerned, private citizens are entitled to make such donations to political funds as they think proper. This right is enjoyed by them both individually and collectively, thus, subject to the rules of their own constitution and of the general law, corporate organisations such as industrial concerns, the co-operative societies or trade unions, whether of employers or employed, are entitled to make contributions to party funds whether secretly or publicly, as in the two cases put to me.

The electoral law is, however, concerned with the manner in which those funds may subsequently be spent on propaganda calculated to influence the result of an election. That is a matter to be considered in the light of the effect such propaganda, whatever form it takes, whether films, posters or whatever it may be, is calculated to have when the election occurs.

As to that, before this matter was raised in Parliament, I gave instructions to the Director of Public Prosecutions that should occasion arise he should institute such proceedings as he thought proper without asking for the consent of the Attorney-General. That instruction exists in writing, and I have no doubt, therefore, that the law will continue to be enforced with the same ruthless impartiality as I have sought to enforce it myself.

... *Mr. Frank Byers*: Might I ask the right hon. and learned Gentleman whether he is aware that the two statements which he has made have sought to make the situation even more confused than it was before? Is it a fact that the law as he has now interpreted it means that expenditure by companies which advocate that certain industries should not be nationalised may be made the responsibility of a political party which has no control over the expenditure so made? It seems to be an amazing situation that, if a party should by accident advocate a policy in which it believes and then other people should put up posters, that party should become responsible for expenditure over which it has no control.

The Attorney-General: I agree with the hon. Member that the statements in the newspapers have not added to the clarity of the law upon this position. I am afraid that the question put by the hon. Member was inevitably a rather long one which it was a little difficult to follow. The principle of our electoral law—I think it arises as a result of interventions in elections long ago by organisations which were either in favour of Free Trade or Tariff Reform—was

that third parties who are not actually supporting a particular candidature must, so far as expenditure of money is concerned, keep out of the ring during an election.

Sir D. Maxwell Fyfe: I should like to ask the right hon. and learned Gentleman this question because I think it is a point upon which everyone wants to be clear. Are there not two conditions which must be fulfilled before expenditure is such that proceedings may be taken—first, that the election must be started, that one must have come to the stage when someone has commenced an election campaign and is appealing for votes; and, secondly, that the expenditure must be directed towards the return of a candidate whether it be by supporting that candidate or by attacking the candidates against him? Are not these the principles which stand firm on the law as it is today and make the expenditure subject to attack in law?

The Attorney-General: That also—I do not complain of it—inevitably was a somewhat long question. So far as the second part of it is concerned, as I understand it, the propaganda concerned need not have reference to any particular candidate. Quite clearly, no particular candidate need be indicated in it. If the propaganda is such as to support the policy to which that candidate adheres, it would be open to a court to say, within the wording of Section 42 of the Representation of the People Act, that it was calculated to promote the return of that candidate or to disparage the other candidate who was opposing the policy supported by that propaganda.

So far as the question as to the date at which expenditure may come within the scope of the Representation of the People Act is concerned, there is, of course, the very highest authority for the view that the date of an election for this purpose, which is not fixed and is a question of fact, is not necessarily after the dissolution of Parliament. I put a hypothetical case. It might, for instance commence from a defeat of the Government which was thought likely to result in a General Election. There is also high authority for the view that where a particular candidate, by reason of his own political sagacity—I think that I am quoting the words of the opinion—and not because of any outward indications, thinks that an election is imminent, commences to nurse his constituency and to canvass and so on, then so far as he is concerned that is the date of the commencement of the election in regard to expenditure in that constituency. But I must add—and I think that there will be agreement about this—that these are questions of fact and degrees to be decided by the court on the facts of each particular case.

Mr. Oliver Stanley: I should like to ask a question which I think is worrying a considerable number of people. In the circumstances which the right hon. and learned Gentleman has related under which these expenses would be chargeable against a candidate, what would be the effect if the candidate at the beginning of the election, not wishing to incur this possibility, served a notice upon the individual, the party or the body, requesting them not to indulge in propaganda in that constituency, and despite that notice they still went on? [*Interruption.*] I am asking this for the advantage of hon. Members opposite in view of the promised support of the Communist Party. In those circumstances, would the candidate still be liable?

The Attorney-General: I should say in those circumstances that there would be no liability on the candidate. If the third party was incurring expenditure not authorised by the candidate or his agent on either side and had been re-

quested to desist from such expenditure, the penalty which might ultimately be imposed upon him in a prosecution for a corrupt offence would be all the heavier.

Sir D. Maxwell Fyfe: I should like to get this point clear. Assuming that the election has not started—and the right hon. and learned Gentleman has made clear the matters of fact that might be taken into account in deciding whether it had started or not—then up to that time is it not the law that there is no objection or legal ground for objecting to people undertaking political expenditure in order to defend those political measures in which they believe?

The Attorney-General: That, of course, is a question of fact as I put it when I originally answered this question on Monday. It falls to be considered in the light of the effect which the expenditure and the propaganda resulting from it have during the election. Perhaps it is dangerous to take hypothetical cases, but if I might take a fairly obvious one of where a political party, perhaps a long time before anybody contemplated an election, either bought up or secured the retainer on hoardings in various constituencies in order to use them during a General Election and then did use them in a General Election, I should have thought that that expenditure would obviously rank as an election expense.

Similarly, if before an election but in intelligent anticipation that it was likely to come very soon, those hoardings were placarded with posters calculated to influence the result of the election and were left up during it. I should have thought it would be open to a court to say that this was within the Section. Similarly, if some commercial concern printed slogans on packages which it sold and distributed to retailers and those were still in circulation at the time of the election, then, although the expenditure might have been incurred a long time before, the result of it might be considered calculated to affect the election. Then, again, the expenditure, I should have thought, would be of a kind that it would be open to the courts to hold to be within the scope of the statute.

Mr. John Hynd: In view of the important statement made by my right hon. and learned Friend about anything to be calculated as likely to assist or influence voters in favour of a particular candidate, will he tell us what is the position of a newspaper which during a general election accepts this as one of its primary tasks?

The Attorney-General: Newspapers are specifically exempted from this provision in regard to the restriction of expenditure. Parliament thought it right in the interests of freedom of the Press to permit newspapers to conduct such campaigns as they thought right.

Mr. Derek Walker-Smith: Will the learned Attorney-General agree—and I put it to him with respect—that his exposition of the law in answer to the questions of my right hon. and learned Friend is not in accordance with the distinction drawn in “Rogers on Elections,” where, after reviewing cases, the learned editor says that after an election has started, a distinction has still to be drawn between expenditure for the promotion of the election of a candidate and expenditure for the propagation of the general views of that candidate’s party? Would he say whether his phrase, used in his original statement, “calculated to influence the result of an election,” is drawn from a Statute or whether it is a paraphrase of the statutory references to the conduct of the elections?

The Attorney-General: It is a paraphrase of the existing

law. I think the words are “likely to promote,” but I am speaking off the book; I think that is the wording of Section 42.

So far as concerns the hon. Member’s question in regard to the statement in “Rogers on Elections,” I do not want to criticise the learned editor of that book, but that statement was based on a number of events arising at a time when the law was totally different. In the old days, and I hope I am not delivering a lecture on this, the expenditure which was limited was the expenditure in the management and conduct of an election, and third parties, like the Tariff Reform League, the Free Trade Union or any other political party, were entitled to come in and spend as much money as they chose on general political expenditure. The whole object of the more recent legislation has been to prohibit expenditure by third parties, and that has been done by changing the words “management and conduct of elections” to the much wider words which are now used in the Representation of the People Act.

Sir D. Maxwell Fyfe: I am sorry, but the matter is of great importance, and I must ask the indulgence of the House. I should like to ask the right hon. and learned Gentleman if what he has just said is correct, because my recollection is that the wording of the Section is:

“with a view to promoting or procuring the election of a candidate.”

If the matter on which the propaganda is started is something on which the person who is starting the propaganda does not know the views of the candidates, and does not know whether the candidate will support that propaganda or not—just as the party opposite changed their views on a certain matter—how then can the expenditure be directed to

“promoting or procuring the election of a candidate”?

It is a real practical difficulty.

The Attorney-General: I do not think so. Those who engage in political propaganda of that kind under the existing law, as I understand it, have a duty to inform themselves of the position. If commercial or industrial concerns wish to defend what they regard as their interests, as, of course, they are quite entitled to do, it should not be impossible for them to present their case in a reasoned way which does not promote the election of one of the contestants in an election or disparage another. That should not be impossible, but, on the contrary, if they find it is impossible to put forward their case in a way which does not result in the promoting of one candidature or the disparaging of another, there is no reason—and indeed hon. Members opposite would desire that it should be so—why they should not promote or support candidatures to represent their own particular views, so long as the expenditure is properly disclosed in the election expenses.

... *Mr. Emrys Roberts:* Can the Attorney-General say whether the phrase which he has just used in regard to expenditure by a third party covers contributions, whether by a company or a trade union, to the funds of a political party? If so, are contributions from all outside sources covered, and is it not a fact that the object of such contributions is to advance the propaganda of that political party; and, if that be so, is it not the case, according to the statement of the right hon. and learned Gentleman, that contributions by companies or trade unions at the present time will be unauthorised expenditure?

Several hon. Members rose—

The Attorney-General: May I just answer that question

while it is in my mind? I thought I had dealt with that point. There is nothing whatever to prevent anybody, any hon Members, any trade unions, any industrial companies, making subscriptions to political funds of any party which they choose. That is perfectly legal; it is legal now, and would be legal even in the middle of an election. That money goes into the bank. So long as it remains in the bank, it does not have the slightest effect on the conduct of the election. When it is taken out of the bank by the political party concerned and devoted to expenditure on propaganda calculated to promote one candidature or disparage another, then it comes within the scope of the statute, but nothing I have said and nothing that the statute says in any way restricts contributions by individuals or corporate bodies to political funds.

Mr. Peter Thorneycroft: May I ask the right hon. and learned Gentleman whether in order to clarify the position, he would make it perfectly plain that an industry which is at this moment threatened with nationalisation is perfectly entitled to defend itself from its own resources? Is that correct? If it is not correct, may I ask the right hon. and learned Gentleman why prosecutions have not been started? The second question I want to ask him is this. When an election has started is it quite plain that, provided that the industry restricts its propaganda to defending itself against nationalisation, it is perfectly entitled to give its support to a particular cause?

The Attorney-General: Neither proposition has in the least been made plain. I thought the answer which I gave on Monday and which I have repeated today was quite clear in regard to such a proposition. [HON. MEMBERS: "No."] If there is any doubt about it, I would advise those who are contemplating expenditure on propaganda which may have the result, and which is intended to have the result, of influencing an election, to obtain an opinion in writing from some competent lawyer about it, and not to rely on views which may be expressed in the excitement of political speeches. Right hon. and hon. Members opposite, if they have any hope of forming the administration after the next election will have the duty of enforcing the law in regard to this matter, and it is desirable that they should not prejudice their position by rash statements about it now.

Mr. Thorneycroft: I am asking what it is.

The Attorney-General: The hon. Gentleman may be quite sure that in advising the House or in advising any Member of the House who seeks my advice on the point, I shall be quite definite and completely impartial and unbiased in the matter. I have pointed out that what is sauce for the goose is sauce for the gander on this matter, and the Director of Public Prosecutions, who now has the sole responsibility for enforcing the law, will enforce it. I did say on Monday when I dealt with the matter that the legality of that expenditure falls to be considered in the light of the effect that expenditure is having during the election. That, I think, answers the hon. Gentleman.

Sir Ian Fraser: In the light of these discussions, is it not clear that there is a real risk that we may go into a General Election within the next few months, that a party of Left or Right may be returned, and that thereafter it may be found on a test case that so many candidates' elections are invalid that the Parliament and the Election itself and its whole purpose may be defeated. [Laughter.] I ask this question quite seriously. Is not the Attorney-General answering at that Box, having prepared a brief on a narrow

point with such glibness and such lack of responsibility, and is it not a desirable—[HON. MEMBERS: "Withdraw."] I have not the slightest intention of withdrawing unless Mr. Speaker orders me to. I am not aware that that remark was unparliamentary. Is it not desirable that this matter should be discussed when both sides will have had the opportunity of studying this matter and notice has been provided, or that new legislation should be passed to make the position clear?

The Attorney-General: I do not propose to deal with the hon. Member's observations except to say that I observe that no proposition of law which I have made has been disputed from the Front Bench opposite.

Mr. Collins: Is my right hon. and learned Friend aware that an organisation calling itself "Aims of Industry" is alleged in the last 12 months to have spent £150,000 on propaganda of the kind which he detailed in a supplementary answer, and that that works out at about £250 per constituency; and can he say whether the attention of the Director of Public Prosecutions has been directed to that matter?

Colonel Dower: As the Attorney-General read out the Question I asked him and which he answered in full on Monday, I should like to say that I have not for one moment questioned his ruling in his capacity of Attorney-General as being perfectly right. At the same time, I would point out that I asked three questions, and I should like him to note that he did not answer the third one, which was whether he would take into consideration money spent on propaganda by the Central Office of Information.

The Attorney-General: If the hon. and gallant Gentleman will draw my attention to any case in which he thinks propaganda of that kind might be calculated to influence an election, I will give it my consideration, and, if I take that view, the hon. and gallant Member can rely upon me to come down on the Ministry concerned. It would not be the first time that I had to make representations, not to that Ministry, but to others.

Mr. Henry Strauss: I do not wish to dispute, but to elucidate, the right hon. and learned Gentleman's view on the law. I understood him to say that, if a company in self-defence issued propaganda against nationalisation, its expenditure might have to be debited to a candidature that was thereby favoured. What is the right hon. and learned Gentleman's view in the event of there being more than one party opposed to the nationalisation in question? The second question I wish to put to him is this. In the event of there being expenditure on propaganda in favour of nationalisation, where there was both a Socialist and a Communist candidate in the field, how would that expenditure be divided? Of course, in cases where the Socialist is the only candidate advocating nationalisation, the expenditure would, I suppose, be wholly included in his expenditure.

The Attorney-General: I do not propose to answer questions which are hypothetical except by saying this. I am not sure I follow the second part of the hon. and learned Member's question. So far as the first part is concerned, it might be—and I cannot lay down the law on these matters which are questions of fact—that that kind of expenditure where there are two candidates opposing and one supporting, would come under the head of expenditure intended to disparage a candidate. . . .