

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

Vol. 23. No. 6.

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

SATURDAY, OCTOBER 8, 1949.

6d. Weekly.

From Week to Week

In our issue of September 24, we reprinted from *Hansard* the answer given by the Ministry of Labour (why not the Ministry of Food?) to an inquiry by Sir I. Fraser as to the retail prices of the principal items of food in 1922 and 1949. The dates were presumably chosen as being four years after each Great War.

Although the prices current at present seem to be only about 30 or 40 per cent. higher now than twenty-seven years ago (they should be 60 or 70 per cent. lower), the figures given are typical of the incorrigible dishonesty of the State, its methods, and its figures.

It cannot be too clearly realised that *price level is the sum of prices plus taxes*. If you go into a restaurant and are made to disburse 25/- "cover-charge" for a bad three-course meal for which on the bill, you pay 3/6, you are not foolish enough to say, "Well, even twenty-seven years ago, I had to pay 2/9 for a five-course lunch, and it was only a good lunch instead of a bad one. We must be reasonable. And as for the 25/-, just look at the satisfaction we get out of keeping scores of decorative Aneurin Bevans at £5,000 a year plus cover charge, in place of the idle rich who kept themselves and were only good to be killed off in the wars." You say the idle rich didn't keep themselves? No? Then, of course, you prefer to P.A.Y.E. and have "free" social services, accompanied by higher railway fares, bad trains, bad, dear and scarce coal; rations, queues, myriads of Forms, bad and rationed petrol, flat-tish motor cars (when you can get them), no biscuits, sweets occasionally, adulterated bread, bureaucratised farming, your electricity cut off just when you want it, dear and scarce houses, incipient pre-fab slums? Are you really so incurable that you believe that there is no connection between the disappearance of an hereditary, long-term, landed class, and all these things?

In our turn, we are not so foolish as to romanticise one only, even if an important, factor in the situation. But we have no doubt whatever that the real, effective, operative, Constitution of these islands is now immeasurably inferior even to genuine feudalism (not the parody of feudalism usually denigrated), and that the gains of a thousand years have been lost in the past two hundred, and notably, in the past fifty.

The enthusiasm of Mr. Camille Gutt ("Dot vass Gutt") the Chairman of the so-called International Monetary Fund, *i.e.*, Wall Street, for the thirty per cent. demonetisation of British credit, is nobly endorsed by Mr. Churchill, whose predicted (we write before the Debate) line on devaluation is that it really isn't what Sir Stafford says or does, which matters but the nazty Winchester, as distinct from Harrow, way he says or does it. After all we're all pals together, boys aren't we? I get a comfortable grant-in-aid as Leader of the Opposition, and I know the game much too well to suppose that the Leader of the Government is any more

the Leader of the real Government than I am the Leader of the real Opposition, if any.

"About all you can foretell concerning political action is that its general direction will always be towards the centralisation of power."—*Human Events*, U.S.A.

It is probably not necessary to recall to the readers of this review that all the wages, and salaries, (but not the dividends, if any) distributed in respect of exports, whether paid for in so-called dollars, or any other currency, are pure inflation of the "British" currency and raise prices. The "full employment" which they indicate is full waste, not only of labour but of the materials and wear-and-tear of the plant used, and the power, electric or otherwise which is ancillary to the process. While experience convinces us that the major portion of the population of this country is so mis-educated or otherwise unfitted, that no comprehension of what is going on can be expected ("Forgive them, they know not what they do"), we are equally convinced that there is a group, not so small as has been suggested, and, by reason of its immunity from punishment, growing rapidly, which is practically traitorous, and an inner group which is technically, as well as practically guilty of High Treason, and ought to be impeached and, if convicted, hanged.

While, under present circumstances, it is perhaps of little importance, the care taken to confuse the issues is exemplified by the suggestion that Silvio Gesell with his disappearing money, was a practical expositor of "a plan for Social Credit." It may be remembered that Mr. William Aberhart, in the first flush of his electoral success in Alberta, put forward, on the advice of the Ottawa bankers a Gesell plan which he claimed was in accordance with his Social Credit mandate. It nearly wrecked him, and probably set back the clock in his Province and Canada as a whole, by a minimum of thirty years.

"Disappearing money" is the exact opposite of the Social Credit conception of continuously falling prices accompanied by compensation to the producer. Gesell's proposals were just one more expedient for cooking the accounts and robbing the consumer of his credit; the essence of the Social Credit accountancy is not that it shall be politically expedient, which is why, with a World Finance which measures expediency in terms of its own power and advantage, bankers love Gesell, but that it shall be honest. That is positively hateful.

We are informed on the best authority that a so-called Social Credit Party, advocating the proposals of Gesell, was allowed to participate in the German elections; but a genuine Social Credit Party was not. Perhaps it is just as well.

It is stated that the population of these islands has increased by two millions since the war. This doubtless

accounts for the brilliant success we are making of the building of Jerusalem in England's green and pleasant land.

We would ask our readers to pay close attention to the skilful manner in which British prestige (credit) is being destroyed. It is the core of the situation.

PARLIAMENT

House of Commons: September 27, 1949.

STERLING EXCHANGE RATE

The Chancellor of the Exchequer (Sir Stafford Cripps):
I beg to move,

"That this House approves the action taken by His Majesty's Government in relation to the exchange value of the pound sterling, supports the measures agreed upon at Washington by the Ministers of the United States, Canada and the United Kingdom which are designed to assist in restoring equilibrium in the sterling-dollar balance of trade for the purpose of enabling the economy of the sterling area to maintain stability independent of external aid; and calls upon the people for their full co-operation with the Government in achieving this aim, whilst maintaining full employment and safeguarding the social services."

... Immediately the Foreign Secretary and I arrived in Washington, we communicated the Government's intention to alter the sterling exchange rate, in confidence, to our United States and Canadian colleagues. It was only at the very end of our Washington conversations on the following Monday, 12th September, that we indicated to them the sort of degree of alteration we were contemplating and it was not until shortly before I left, on the Wednesday, that I communicated to them the actual figure we had in mind. That is the sequence of events in Washington. It will thus be seen by the House that when we came to write and agree our conclusions in the communiqué which was issued, the whole group of Ministers in Washington had this factor in view, and it was indeed an essential though unwritten part of our communiqué. ... because of this inevitable effect upon other currencies ... we gave prior notice on the Friday to all Commonwealth Governments, and I particularly arranged for M. Petsche, the French Finance Minister, to have the information in Washington on that day. The other members of O.E.E.C. and other Governments particularly concerned were notified on the Saturday. I had personally notified M. Gutt, the Managing Director of the International Monetary Fund, on the Thursday evening, and at my suggestion he called a special meeting of the Fund for Saturday afternoon at which approval was given to our own and other proposed changes in exchange rates. ...

... I am sure that I need not again elaborate the facts that I placed before the House in July last as to the rapid diminution of our gold and dollar reserves. That trend has continued as I then foretold it would ... First quarter of 1948, a gold and dollar deficit of £147 million; falling to £82 million in the first quarter of 1949. The figure for the second quarter of 1949 was, however, £157 million, rather higher than a year earlier—so all our progress already made towards bridging the gap had been wiped out. This was, as the House knows, in great part due to a reduction in the income of the whole sterling area from sales to North America.

American and Canadian prices, which had risen more rapidly than ours after the war, were then falling more rapidly than ours, and as a result the sterling area sales in those countries were falling off. At first we still hoped to

reverse that tendency by a greater sales effort and a further increase in productivity and a reduction in costs. But the July results were disappointing and the evidence as to sales and forward orders at the end of August showed a continuing decline. The hopes of a revival of our export trade were not, therefore, being realised and in the meanwhile our reserves were being further dissipated.

There was another factor of great importance. In the spring of this year an attack had been launched upon the exchange rate of sterling and this attack had been developed through the summer. As a result people began to doubt the rate, to speculate as to the likelihood of its being changed and as a result business of all kinds fell off. ... Finally, there was a progressive increase in the volume of overseas transactions in "black market" or "cheap" sterling, transactions which had spasmodically and quite seriously interfered with our dollar earnings. These dealings had the common feature that some goods in demand in North America and originating in the sterling area were used as a means of converting sterling into dollars at a rate of exchange below—and in some cases very much below—the official rate. ... we had to take some further steps to stop it.

... We had to take some immediate step that would enable us, before our reserves ran out, to increase the total of our dollar earnings by recreating confidence in the sterling-dollar rate of exchange and by making it clear that there was no gain to be derived from waiting for it to fall. That could only be done by a reduction in the rate of exchange. We had, of course, also to decide what new rate we would fix, and I judge, from the comment both in this country and, indeed, all over the world, that the rate we fixed was lower than most people expected.

Our first consideration was whether to adopt a fixed or, as it is called, a floating rate—that is, a varying rate which would be allowed to find its own level. If by a "floating rate" its sponsors mean to imply that all our exchange and import controls should be taken off and the pound allowed to find its own level, we could not possibly think of such a course. It would have consequences for our whole economy and social structure which are quite impossible to contemplate. ...

... We came to the conclusion that if we were to provide the substantial and unmistakable new incentive for our exporters which would place them in a fairly competitive position in the North American markets, we must go at very least as low as three dollars to the pound sterling, and probably a bit lower. So far as cheap sterling transactions were concerned, there was already evidence of a number at below three dollars to the pound. It will not probably be possible entirely to eliminate such transactions as long as there is an acute dollar shortage in the world, but it was clear that if a substantial stop was to be put on this very damaging traffic it would be necessary to go well below the three dollar rate. ...

It was for all these reasons that I have given that we fixed the rate at 2.80 dollars to the pound, that is, a 30 per cent. reduction in value of the pound. ...

... It will be necessary, no doubt, to divert goods from other markets, home and export, in order to increase our sales in the dollar markets. ...

... The primary objective of our policy is, of course, to earn the maximum number of dollars possible. We should, therefore, maintain the dollar prices of our goods wherever possible, though we must, of course, take account of our

desire for friendly market relations and the value of a lasting goodwill. In some cases, where the volume of supplies is already the limiting factor, it may be possible to maintain the full dollar price; in others, a moderate lowering may give us the expansion of sales that we need; while in yet other cases the maximum reduction possible in price may be necessary.

It is, therefore, obviously impossible for any one to give any present estimate of the increased volume of goods we should have to sell in the dollar market to offset the fall in receipts due to the lower rate of exchange. I can only say that it should be less than the calculated maximum figure of 44 per cent. . . . I want to make it quite clear—because this is a most important matter—that the alteration of the exchange rate is part of a deliberate policy in substitution for the alternative policy of severe deflation. That policy was pursued at one time under the aegis of the right hon. Gentleman the Leader of the Opposition, and depended for its efficacy upon a massive extension of unemployment, with the accompanying lowering of wage rates and so the impoverishment of the employed and unemployed. It is to avoid a repetition of these tragic conditions that we have adopted the alternative policy. . . .

Mr Pritt (Hammersmith, North): . . . I listened to the admirable Tory speech of the Chancellor of the Exchequer. The only way in which it differed from the speech which a Tory Chancellor would have made on the topic was that it was very well made. I have a good many objections to the Motion and to the policy. I suggest that the policy of devaluation and all the other things that go with it provide no remedy. There is no element in it of any Socialist attempt to remedy the situation. I maintain that in any event no capitalist proposal could provide a remedy, and that the attempt made—although it is bound to fail—is from a capitalist remedy. I suggest that the remedy proposed will produce at any rate some of the evils—particularly unemployment—which it is claimed it avoids. And, finally, there are perfectly good remedies which I hope to mention towards the end of my speech.

I need not say very much about the Tory speech that was made from the Tory benches. . . .

. . . . The real issue which lies between us and the Government on this topic is the far-reaching issue of whether the country shall continue to be dominated by the capitalists of the world, whether our own or those of some other nation, or whether, as we believe, a complete change should be wrought in our system by bringing under the control of this House the forces of finance and industry which have so great a power over the lives of individuals in this country. If anybody thinks that is rather better English than I usually achieve, I would say at once that those words are quoted almost textually from the speech made 18 years ago on the National Economy Bill of the 1931 Tory Coalition Government, and that the words were used in a speech made by the right hon. and learned Gentleman the present Chancellor of the Exchequer. He was not then a right hon. Gentleman, but he was right and he was honourable. He was speaking in his Socialist era, which has passed. . . .

. . . Facing the difficulty of obtaining dollars, the right hon. and learned Gentleman decides to fight hard for dollars. He is obsessed by dollars, and behaves almost as if there were no other part of the world with which we could trade. So he proceeds to try to obtain more dollars by immediately foregoing 30 per cent. of any sum of dollars that we can

obtain. Of course, that is not a complete answer; it is not even as topsy-turvy as some capitalist problems where we seem to have to admit that the only way to get something is to take less of it. But, as a method of obtaining more dollars, immediately to forego one-third of all we do get is a policy which at any rate calls for a little explanation. It means that if we are to get more dollars—not to close the dollar gap, for the Government do not suggest that they are going to do that—but to solve some of the dollar trouble, we have to multiply our exports by some factor. The Government do not suggest what it is. If we double our exports we get something like one and a half times the number of dollars we previously obtained, which will not be very much help. If we treble our exports we get twice as many dollars, which is not very much help. . . . The American manufacturers and their Press are saying, "We are not afraid of the devaluation of the pound." Perhaps it is cynical to suggest that if they had not wanted the devaluation of the pound we should not have been allowed to devalue it. They are saying, "We can meet it—and, indeed, they make many threats; they can meet it simply by slashing their prices until it is no longer possible for us to get into the market. Then, when we finally give it up as a bad job, they put the prices up again so that nobody even in America gets the advantage for very long.

There are a great many difficulties about the situation. One of them was mentioned by the hon. Member for Central Aberdeen (Mr. Spence). He mentioned tariffs. We have no promise that tariffs will be reduced—only that they will be considered—but we have some substantial assurances that the tariff lobbies will not allow them to be reduced. We shall shortly be accused by the Americans of dumping, as we have the impudence today to accuse the Czechs of dumping. . . .

. . . The last difficulty which I shall mention is that which will arise with the development of the American slump. The slump caused the crisis, within limits. It prevented a great many Americans from buying high-priced dollar goods from us, for they could not even sell the low-priced dollar goods which they were producing. In due course this slump will proceed, and our prospects of getting goods into the United States—in actual volume, apart from the diminished dollar receipts—must be falling rather than rising. I should be very happy if any of the Ministers could tell us what increase of dollar revenue we expect. I doubt whether they have any solid basis or estimate. . . .

. . . The tragedy is that this is all absolutely unnecessary . . . The Government will not look to other countries, other trades and other currencies which conflict with their own ideologies. I suppose the Americans will not allow them to do so. They suffer from the illusion that the way to defeat Communism is not to trade with Communist countries. But Mr. Truman has explained, in one of his more lucid moments, that the only possible way to fight Communism is to show that you can produce a better standard of life than they can. One of the results of the present idiotic ideological economy is to divide Europe into two classes of countries, those with Marshall Aid and those that are getting better off every day. These are mutually exclusive classes. This country and America will not look to reasonable remedies if they conflict with their ideologies. "The Observer," which is not a Government paper but which, because the two parties have now come so close together, often gives good advice to the

(Continued on page 6.)

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. 6. Saturday, October 8, 1949.

Sons and 'Broeders'

Sons and brothers. To the special correspondent of *The Scotsman* at Capetown we are indebted for the first open reference to Freemasonry in present-day politics we have seen in a daily newspaper. It seems that the Prime Minister, Dr. Malan, has been defending the *Broederbond*, described by General Smuts as "a dangerous, secret, cunning, Fascist organisation," not to be compared with the Sons of England Society, a body suggested for public enquiry as a counter-blast to General Smuts's suggestion that the activities of the Brotherhood should be investigated. The *Broederbond* has a secret list of 3,500 members with an inner council of twelve; while the Sons number 6,000 members in South Africa and the Rhodesias, pledged to uphold the ideals and traditions of the British Commonwealth of Nations. Membership is limited to Englishmen, Welshmen, Manxmen and Channel Islanders, whose names are "available at all times." The society holds its meetings in secret "because we believe in dispensing charity by stealth." There is a password and a simple ritual is observed "as in many similar societies deriving from freemasonry." The *Broederbond* also "works discreetly in the background." However, General Smuts does not like it nearly so much as he does the Sons; he has described the South Africa of to-day as a "Broederbond State." Between various freemasonries who shall choose? At least we have it recorded that a society which "takes no cognisance of party politics" is lined up in a major political dispute nevertheless.

We do not suppose that Mr. (as he likes to be called) Bertrand Russell agrees very much more with General Smuts than he does with the Afrikaner-Nationalist Dr. Malan. Earl Russell has just been lecturing UNESCO in Paris on his conception of the educational duties of the State in producing better international understanding through the reform of the teaching of history. Since the construing of Caesar by many generations of schoolboys has failed (but has it?) "to generate in most of them any love for the Romans," Earl Russell seems to be not averse from stealth in promoting the deep affection he desires to see. Films which "should not have any *ostensible* [our emphasis] propaganda purpose" are recommended as a means for bringing this about. In our opinion, it is only very offensive people who are constrained to operate by stealth—which is at least a more objective standard whereby to discriminate between the nice and the nasty than the one so popular among the planners of reserving their affection exclusively for people exactly like themselves, however they may wish to extend their sphere of action by making everyone like themselves.

The "B".B.C.

The "B".B.C. is going to broadcast in Hebrew to Israel. Well Israel has been broadcasting in what passes for English to us for long enough.

Devaluation and Economics

The following appeared in *The Scotsman* for September 27:—

SIR,—Your correspondent, the Rev. P. H. Nicoll, writes that "the root cause of our present impasse is the wrong conduct we have pursued since the war. It has not only been foolish, it has been wicked. . . ."

I think that even the least perceptive should sense that the powers of evil are now active on the highest levels (although many of us suspect that "the rot set in" a good many years before 1945), but the situation which has been brought about as a result of evil influences acting through the councils of the mighty, in the widest sense of these words, is the opposite of static—as the word "impasse" seems to apply. It is highly dynamic: we are hell-bent for destruction at a terrific speed. Whether irremediable catastrophe can be avoided depends upon how many of us realise that paradise is to be found in the opposite direction of hell, and to what extent we have the will-power to turn right round.

The time is short and we must go straight to the point: for sheer naked wickedness the various Washington conferences which came to the conclusion that the pound must be devalued surpass anything in recorded history. They took place, of course, in the deepest secrecy. They cannot be covered in a few words: but consider some of the components.

Mr. Eugene Black, of the International Bank-cum-Fund, said he could not see how European currencies could avoid devaluation. A host of American business men held up their payments to their European clients in consequence. Their bills would be smaller after devaluation. But the British people were kept in the dark. Sir Stafford Cripps said "we" must export more to the dollar areas. He did not say "we must get more dollars for what we export." That means that we send still more goods, requiring us to buy still more raw materials from the dollar areas, and we are to be paid with less dollars, not merely for our increase in exports but for the level of exports we have previously attained, and our raw materials cost more.

Then Mr. Havenga, of South Africa, stated that "we must pay more for gold," it being tacitly agreed that gold and dollars are now the only "real" currencies.

Now, the direct effect of all these measures, as every housewife already realises, is to raise the cost of living, or, to put it more starkly, to rob the consumer.

And who benefits from this truly national disaster? "Pretty nearly everyone on the Stock Exchange has made some profit. City men, convinced devaluation was coming bought gold shares . . ." wrote the City editor of a London paper.

You will note that this result has been brought about by a workers' or peoples' Government, deriving its power from an electorate possessed of the right to vote in secret. It will be interesting to see what kind of opposition the so-called Conservative Party, equally devoted to the "democratic" principle of the secret ballot, will muster against the Government on Tuesday. One can only hope that Mr. Churchill will not confine himself to a criticism of the Government's faulty sense of timing, but get down to an attack on the immoral principles underlying the devaluation measure.—I am, etc.

Lawers, September 24.

W. L. RICHARDSON.

Planning the Earth

By C. G. DOBBS

(VIII)

(continued)

If the hand of Jefferson had not changed the 'inalienable right to life, liberty and *property*' of the Declaration of Independence to the abstract and occult phrase 'life, liberty and *pursuit* of happiness'; if the forces of law and order in the United States had stood behind the total, inalienable right of *one* individual to his home (and whatever happiness he had found in it) in a central, critical part of the valley bottom, the whole T.V.A. Plan would have been impossible of fulfilment. Indeed if *any* right had been inalienable—the right of a religious community to worship in its chapel, the right of a single person to visit his father's grave² or the right of a local newspaper to publish in its own locality, or the right of any tradesman or craftsman to retain his customers and goodwill—if any right at all had been enforced, the Plan would have fallen through. The idea that nothing could then have been done to improve the lot of Tennessee is fantastic nonsense; everything *could* have been done that needed doing, and in a way amenable to the wishes of the people who lived there. The only thing which would have been frustrated would have been the development of centralised power. But we know also that if that had happened the Valley would have been left to its fate; the money would not have been forthcoming. But that is quite another story!

Mr. Lilienthal, and Planners generally, are very much aware of the fatal nature to their purpose of the existence of any inalienable rights (and there are no other rights) and are for ever concerned to attack such vestiges of law and constitution as may preserve them. The usual device of confusion of opposites is not wanting, thus Mr. Lilienthal, p. 146:

"The policies of lawmaking in the immediate past have been largely regulatory and negative: 'This shall *not* be done.' The atmosphere of the legislature has therefore been heavy with this regulatory spirit, expressed in carefully limited responsibility, lack of trust, and forever setting one man to watch and checkmate another."

"The tradition and climate of the skill of management, however, are remote from all such negation. Management is affirmative and initiatory: 'This *is* to be done.' It is in the process of defining, with skill and sense, what is to be done, and with it the *fixing of responsibility* for results . . . that you have the essence of the best modern management."

All perfectly true, and upside down in its implications; for under cover of an attack on bureaucracy, with which everyone will agree, is another on the proper function of the law which has been usurped and inverted by the bureaucrat, for which last, if we need it, we have the evidence of the late Lord Chief Justice Hewart in his book *The New Despotism*. It is undeniably the function of the law to set limits upon the encroachment on the freedom of individuals by others, and more especially by rulers and their agents, the bureaucrats. That is, in the case of infringement of certain fundamental rights, to say: "This shall *not* be done," and to ensure that there is a balance of powers in the Constitution, without which there can be no appeal against the Government, and no sanction against its agents, and all

'rights' will become concessions, alienable at will by the central Power.

Now bureaucracy is constantly infringing the law by its prohibitions on the action of individuals, and none the less though it usually (but by no means always) obtains the statutory support of the legislature in so doing. Its action at first is 'negative' because at first it is tied to the tradition of the law, and each prohibition is justified as a defence of freedom, but as the chief infringers of freedom, namely the Government and its agents, are usually left outside the prohibition the thing becomes more and more of a farce. Since, in fact, what the bureaucrats are doing is introducing *management* under cover of the law, two things which are completely incompatible, the usual chaos and frustration occurs, and there are the usual two ways out of it; either to substitute 'positive' direction for the law, or to re-establish the law, and keep it and the legislature, away from management altogether, whether in direct or delegated form. But if the first course is adopted, it must be realised that that is the end of *all* rights for the individual. For in the last resort, management must be enforced. Normally, freedom is preserved, not by the right to resist management, but by the right and the power to contract out. But when the Government is manager there is no contracting out (except at the heavy cost of abandoning one's homeland for another which may well be worse, and, if the management comes from a World Agency,—of abandoning this world).

It is a challenge that everyone must meet in his own mind. Are there *any* respects in which the rights of the individual are sacred, and take precedence over the claims of the State, the Common Good, or any other collective entity? Anyone who honestly believes that there are cannot, at the same time, support the use of compulsion to enforce Social Planning for the Common Good. The two things are absolutely incompatible. Yet many well-meaning people, who still think that they believe in the Christian tradition in this respect, betray themselves by accepting, and even passing on, the debased currency in language and thought on this subject which is now being issued. How often have we heard something like this? "This Great Scheme for the common good will, we feel sure, be carried out by the voluntary co-operation of the vast majority of the People, but of course, we cannot allow it to be wrecked by a few recalcitrant objectors, and in the last resort compulsion must and will be used." Then, when only a few people have the courage to stand out against it, they are told everyone else came in voluntarily; why are they so unreasonable? Notice the complete inversion of the word *voluntary* to mean action taken *under threat of compulsion*.

How many Christian people will accept this as 'reasonable,' without noticing that they are being detached from their beliefs by gradual stages? "After all," they say, "compulsion is used only 'in the last resort'; very often it has not to be used at all." But this last is untrue; it is used all the time, for compulsion *is* the use of fear. It is 'the last resort' which underlies everything and determines where the faith lies; and in 'the last resort' the faith of these people is the faith of the Communist. This reveals itself even more clearly when they ask, in a bewildered way, how *any* scheme can be carried out, any Society can be run, if compulsion may not be used to prevent it from being ruined by a few isolated non-cooperators. That shows where their faith lies. The very idea of a free society based upon Christian principles has become unreal to them; it does not occur to them that any scheme which can be brought toppling

²Lilienthal, p. 62, cites it as an example of good management that the T.V.A. took the trouble to shift thousands of graves which 'meant so much, though after the lapse of many years they were often quite empty,' i.e. the new grave was not a grave, but a 'management device.'

down by a few objectors, even by one single objector, is unsound, because it is totalitarian; it must engulf everything or perish.

That 'love,' *i.e.* free, willing association, forms the only possible basis for efficient human co-operation—incomparably more efficient than fear of compulsion—is a fact which after nearly two millennia of Christian thought was beginning to be taken for granted. Even now, even in a matter into which compulsion enters as much as it does into warfare, there is little doubt among military experts about the relative efficiency of a voluntarily enlisted as against a conscript army; yet, for the first time in our history we in Great Britain rely for our defence upon general conscription during peace time, *i.e.* when it comes to practice the faith is in compulsion. It is the same in every sort of Planning. The Planners themselves, by always seeking the maximum of voluntary co-operation, acknowledge its greater efficiency, but in 'the last resort' it is fear which they rely upon, and most Christians nowadays appear to agree with them. That is to say, they believe that fear, and not love, is the last resort, the ultimate reality of the Universe. Injunctions such as "Seek ye first the kingdom of God and his righteousness; and all these things shall be added unto you" are not to be interpreted as statements of social fact. In Planning they can be ignored, as compared with 'real facts' such as the climate, the contours and steepness of the hills, the number of the population and so on. The work of two thousand years of Christendom is being undone.

(To be continued)

PARLIAMENT *(continued from page 3.)*

Government, recently showed how we could trade with Eastern Europe to our immense economic advantage, but pointed out that this would never do, because the political results would be serious. . . .

. . . There is also the very substantial remedy of cutting our Defence expenditure, which is some £760 million a year or £2 million a day. . . .

. . . Then there are profits. They are now to be taxed a little more—after all, this is supposed to be a Socialist Government which the country sent here to follow a Socialist policy. Why did not the Government severely reduce or get rid of profits long ago instead of making these pathetic little appeals to distribute a little less? . . .

Mr. Osborne (Louth): . . . I wish to make three practical points. . . . First I believe that the Government have not made clear enough to the nation how difficult it will be to increase our exports to America. If the House will forgive me I would like to quote my own experience of trying to sell textiles in America only nine months ago. . . .

Why did I find it difficult to get orders? Because we have to face a 40 per cent. tariff, and there is no indication in America that that figure will be reduced against our textiles. Buyers said everywhere that they were used to buying from their own mills and would find it much more difficult to buy from mills 3,000 miles away. It was difficult to get them to believe that we could give as good service as their own mills. I also saw trade union leaders as well as manufacturers' associations, and they all assured me—and let there be no mistake about it—that if there are big imports from Europe which cause any substantial degree of unemployment they would at once demand that the tariff rate should be increased. As I went around the textile mills of North Philadelphia I found that some were working short

time—and, remember, this was nine months ago.

I received a letter this morning from the President of the National Association of Hosiery Manufacturers in America, who is a good friend of this country and a great admirer of our institutions. He says:

"If any American tariffs are lowered to the point where there results serious unemployment therefrom it is bound to be true that such industry would raise the issue and seek support to restore a higher tariff."

This is not theory we are talking about; it is what will happen. He goes on:

"Among the industries which are most active against lowered tariffs are woollen manufacturers, glass and china." The writer has also sent me a cutting from the "New York Times" of last Thursday, which says:

"Tariffs may be the principal issue of the 1952 election in America. Cheap imports are being felt; labour is expected to demand greater protection. Many complaints pour in. With half a dozen important American industries already suffering from the cheap imports of competitive products there is a distinct prospect that organised labour itself"—

not capital—

"may step into the picture with a demand for higher levels on imports. Workers in the glass and pottery factories in Indiana have already started flooding their Senators with complaints concerning distressed conditions in those industries, while workers in other industries, such as watches, furs, ball bearings, etc., are beginning to feel the pinch as hours of work are reduced and 'lay offs' occur."

We have to face that, and I want Members opposite to realise that Senators and Congressmen in America are just as sensitive to the threat of unemployment as Members on either side of this House. . . .

If there is any real fear of unemployment in America tariffs will rise. Despite what Mr. Paul Hoffman said to this country, I believe that it will be very difficult indeed materially to increase our exports to America. We are not the only people who are trying to export: we shall have to face competition from Belgium, France, Italy and Germany and, very soon, from Japan, and their prices will make ours look silly. . . .

. . . My second point is that I believe that devaluation will not help us at all but will, in the long run, make our task more difficult. May I give another example, again from my own trade? Already, cotton has gone up by about 6d. per lb. The American cotton we buy will have to go up by 30 per cent.—the difference between the previous sterling price and the devalued price. Americans, with whom we have to compete, will still be able to buy at the old price. Wool has already gone up by about 6d. or 7d. per lb., but the Americans are buying all the wool they require in Australia—a sterling area—at 30 per cent. below. We have to jump a tariff wall of 40 per cent. while they are buying 30 per cent. cheaper. The Chancellor has not made it clear that we shall not easily compete with them in their own market.

May I give another example? The women of this country are keenly interested in nylon stockings. We have been making a lot, but most of them have been exported as the President of the Board of Trade well knows. The best machines for making them come from Reading, in Pennsylvania. They have been costing about £7,000 each. Now they will cost over £10,000. The workers who are on these machines must produce three pairs of stockings for every two they used to produce so that we can buy the same amount of machinery, or American tobacco or American

foodstuffs. Ultimately, the same will apply to the Coventry car workers, the Lancashire cotton workers and the Yorkshire wool workers. To bring in the same number of dollars they will have to produce 50 per cent. more than they produced before—something which the Chancellor failed to tell them in his broadcast. . . .

. . . I should like to remind the Prime Minister of the appeal he made two years ago. He issued a letter to industry asking for 10 per cent. extra production, which he told us would put us right. It has not put us right. The answer to his appeal was a flop. Later on the Lord President of the Council issued some first-class posters telling the workers of the country, "You must equate your wages to the quality, price and quantity of the work you produce." What has been the result? It has been another flop. The Chancellor himself a year ago went down to the T.U.C. Conference at Margate and told the leaders of the working class movement that if they took 25 per cent. of the total profits from industry it would make—I think he said—only fourpence in the pound difference in their wages. He added that there could not be any higher standard of life by a redistribution of wealth, but only by producing more wealth. What effect has that appeal had? Ever since that time we have had a series of demands for shorter hours and bigger wages.

We are facing today the evil effect of 40 years of the preaching of Socialist false doctrine. . . .

. . . I should like in conclusion to put two questions to the President of the Board of Trade. The first is this—and this is what the Chancellor should have made clear to the nation—if the Americans had not given us permission to use Marshall Aid dollars for the purchase of Canadian corn, which was the one thing he brought back from Washington that was worth while, was there the danger of bread rationing being re-introduced? It should be made very clear whether the Government contemplated it. I should like to know, because the Canadians were not prepared to sell their corn to us for our false pounds, and they would not take exports from us because they wanted them from America. Was it contemplated that there would be bread rationing here if America had not once more come to our rescue? That is the sort of statement which would make the working classes realise the seriousness of our situation.

My second question is also addressed to the President of the Board of Trade. If we are going to get 20 per cent., 25 per cent., or 30 per cent. less in the dollar markets for our textiles, we have to send more to get the same amount of dollars. If we wish to close the dollar gap and earn more dollars we have to produce probably 100 per cent. more textiles than previously, and sell them to America. If those additional textiles are not produced in the next six months does the Government contemplate the reimposition of clothes rationing? As far as one can see it is inevitable. It is no good the Chancellor puckering his brow. It is a tragedy that the Chancellor did not seize the golden opportunity on Sunday night, and tell the nation the facts. . . .

House of Commons: September 28, 1949.

Sterling Exchange Rate

Mr. Churchill (Woodford): I beg to move, in line 1, to leave out from "House," to the end of the Question, and to add

"welcomes the measures agreed upon in Washington but regrets that His Majesty's Government, as a result of four year's financial mismanagement, should now be brought to a drastic devaluation

of the pound sterling, contrary to all the assurances given by the Chancellor of the Exchequer, and considers that a return to national prosperity, the maintenance of full employment and the safeguarding of the social services can never be assured under the present Administration, which, instead of proposing fundamental cures for our economic ills, resorts to one temporary expedient after another."

. . . One must be careful not to be baffled and bewildered by technical jargon. There is no sphere of human thought in which it is easier for a man to show superficial cleverness and the appearance of superior wisdom than in discussing questions of currency and exchange. . . .

But I will submit to the House some simple propositions which they may deem worthy of consideration and which are at any rate easy to understand. The reduction of the rate of dollar exchange from 4.03 to 2.80 means, subject to certain minor abatements, that we may have to pay up to nearly half as much again, some say 35 per cent., some 40 per cent., for what we buy—much of it necessities without which we cannot live—from the dollar area. We may have to pay up to nearly half as much again over an area of almost one-fifth of our imports—actually 17 per cent.

That cannot be good for us. It can only mean that we are forced to give much more of our life energy, that is to say, toil, sweat, physical fatigue, craftsmanship, ingenuity, enterprise and good management, to buy the same quantity of indispensable products outside this country as we had before. We have to do more work and draw more upon our spirits and our carcasses to win back the same amount of food, raw materials and other goods without which we cannot carry on. That is bad for us; it is a new blow to our economic health and a new burden which we have to bear.

Now, the life thrust of the British nation, if not impeded, is magnificent, but we have been, as I said at the beginning, exhausted by our glorious efforts in the war. Great exertions are made by the people, but we can ill afford to make a new drain upon our latent strength and remaining motive power. We are not in a state of health to become a blood donor on a large scale at the present time. We are already a blood donor on a tremendous scale through our unrequited exports to India, Egypt and other countries to whom we became indebted for local supplies while we were defending them from being conquered by the Italians, the Germans or the Japanese. The "Manchester Guardian," perhaps at this moment a better guide on economics than on ethics, has estimated these unrequited exports at nearly one-fifth of our total exports. That is a lot.

Many hundreds of thousands of our skilled or semi-skilled wage earners are toiling today to make desirable things for those countries which are paid for simply by somebody scratching something off with his pen from what is described by the misleading term "sterling balances," which really means British debts. Nothing comes back in return to nourish the productive energies of the island. Trade is exchange, but here is neither trade nor exchange. An intense effort goes out and nothing comes back. I am not at this moment arguing the rights and wrongs, though I am quite willing to do so on a suitable occasion. I think that an amount for our expenses for the defence of those countries should have been set against the local supplies, but it would be a long argument and much could be said. I am not arguing it at the moment; I am only setting forth the brutal fact.

On the top of all this the devaluation of the pound sterling draws a further draft in life blood and initial energy

not only from the wage-earning masses but from all that constitutes the productive fertility of Britain. We are to give anything up to 45 per cent. more products of our own toil for the same amount of dollar imports. That cannot be a good thing, it cannot be something to rejoice about, it cannot be something to parade as a triumph or to boast over as some new benefit bestowed by the Socialist Government upon our struggling community. . . . If we pierce down to the economic roots of world production and human material and creative power, the erection of a new barrier in addition to the political and economic barrier of the Iron Curtain in the modern world of today cannot be deemed a stimulus. Restriction is never a stimulus in itself. It may in a crisis make for order, but it is not a stimulus. It may on a long-term view promote a wider harmony and more equal bargaining power, but in so far as world trade is restricted this is a contrary force to the ideal of plenty. Abundance or plenty is the aim of mankind. Plenty is within its power. Plenty should be its inheritance. Plenty is hope for all. Restriction is inevitably the enemy of plenty. . . . Of our own accord, in spite of many provocations and insults, we have helped them throughout their long four years of power in all that we believed was necessary in the public interest.

First, there was the American Loan of £1,000 million. Not without some doubts and differences, and some criticism in our own party, I and my colleagues on this bench helped them all we could, both here and in the United States, to obtain the loan, little though we liked its terms. Secondly, the Marshall Aid Plan on which the Government are now living was stated by General Marshall to have arisen in his mind out of the movement for United Europe which he directly associated with my name. This, he said, had led him to what we all acclaim as his wise and generous policy without which, according to the Lord President of the Council at Manchester on 17th April, 1948,

"we should be facing cuts in rations and a million or two people on the dole."

And the Minister of Health on 18th May, 1948, in a momentary lapse, which he has no doubt greatly regretted since, said:

"But for Marshall Aid, unemployment in this country would at once rise by 1,500,000."

That the Socialist Government have been spared the distress, nay, the agony, of an immense rise in unemployment which would have been fatal to them and for many years to their party, has been directly due, and provedly due, to the aid which the Conservative Opposition have given, irrespective of party interests.

I think that some acknowledgement of these facts by Ministers in this Debate would have been becoming. . . .

Mr. Gallacher (Fife, West): . . . When the Atlantic Pact was discussed the Leader of the Opposition could get up and say that the Atlantic Pact was the outcome of the policy he laid down at Fulton, Missouri. Was there any member of the Front Bench who could get up and challenge that? Was there anyone on the Front Bench who could question it? No; they all knew it was true, and everyone in this House knew it was true. At the time that speech was made at Fulton we said it was an offer to sell Britain and the British people to the American capitalist for war against Socialism in Europe, for the Leader of the Opposition has been notorious all his life as an enemy of Socialism.

Now the decision on devaluation bears out what we then

said about the Fulton speech, and the Leader of the Opposition could quite well have got up today and said: "Devaluation is the logical outcome of what I said at Fulton, Missouri, in 1946." Attempts have been made to create the impression that this decision was taken by the Government of its own volition. Does anybody really believe that? Where did the demand for devaluation come from? From the Labour Party? From the Trades Union Congress? No; it came from America[*] and was persisted in in America, and Mr. Snyder, a typical representative of big American capitalism, came over here to London and cracked the whip until the Cabinet yielded. That is true.

We are now being told that devaluation is an alternative to mass unemployment. That is a new discovery, because obviously, when the Chancellor spoke in this House in July and declared that this Government would not consider devaluation, he did not then know that devaluation was an alternative to mass unemployment. . . .

. . . Every Socialist knows—or he did at one time—the cause of unemployment. It is caused by capitalist slumps. When there is a boom the capitalists go on producing and producing for profits, competing with one another, keeping down wages to cut prices in a market that is ever narrowing, until the period comes when the sellers' market changes into the buyers' market and the period of slump has arrived. A sellers' market is a market where demand is greater than the supply. A buyers' market is a market where the supply is greater than the demand. But what did the Chancellor tell us in July? That we were passing from a sellers' market to a buyers' market—to a market where the supply is greater than the demand. It is in such conditions that we are making all these propositions to increase our exports to America.

(To be continued)

[*]*Mr. Quintin Hogg* (Oxford): . . . I turn now to my last point. It is vital that in our search and scramble for dollars we should not lose sight of our ultimate spiritual values and our ultimate social objectives. There are many on both sides of the political fence who will seek to make us do so. There are many on both sides of the political fence who will seek either to destroy the advantages gained over years of patient effort by many other than members of political parties, or else to use the economic crisis as a means of forcing a political or economic revolution. There are many who will try to utilise our dependence on the United States, which I suppose those on this side of the House hate as much as the enemies of the United States, as a means of poisoning our relations with that great country. There are many people who will use the difficulties as a means of upsetting our relations with Europe.

They must all be resisted. Dollars are not everything in this world. . . .

STATES ACTUAL, REAL & POTENTIAL

by

TUDOR JONES, Sc.D., M.D., F.R.S.E.

(The substance of an Address to the Speke Discussion Group on 7th December, 1948).

PRICE 6d.

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

Published by the proprietors K.R.P. Publications Ltd., 7, Victoria Street, Liverpool, 2. Printed by J. Hayes & Co., Woolton, Liverpool.