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COMMUNISTS IN THE PUBLIC SERVICE

TEXT OF LORD VANSITTART'S HOUSE OF LORDS SPEECH

In view of the wide interest it has aroused, in spite of generally limited publicity in the newspapers, we publish below the commencement, to be concluded later, of the full text from the Official Report of the speech by Lord Vansittart in the House of Lords on March 29. The speech was in support of the Motion: "That in view of the extent of Communist infiltration into the public service and other important branches of public life in this country, continuous and resolute precautions are necessary for public security."

On question, the Motion was agreed to, a course which is infrequent when there is a large contentious element in the matter debated:—

Lord Vansittart said:—

My Lords, I have now had the honour to be a member of your Lordships' House for nine years, and I think I may fairly say that I have not unduly inflicted my opinions upon you. I have spoken only when conscience impelled or when I knew something of my subject. Today is a case in point. I have some disagreeable things to say, but they will be said in no partisan spirit. We are all in this. The day before yesterday the *Manchester Guardian* wrote:

'On Wednesday Lord Vansittart will resume his battle against the Communists."

No, it is not that at all; it is not my battle; it is the battle of every man and woman of good sense and good will in the country. This is a case where the national interest is involved. Therefore, I am distributing no tenderness and asking for none. I beg that we shall not be deceived by superficial appearances. We have certainly come a long and healthy way since those days of 1945 when some Socialist Members of Parliament, successful candidates, were thanking the Communists for their support. Happily now, in 1950, the Communists have been thrown out of another place, and some of their fellow travellers as well. In that Election the British public declared itself overwhelmingly against Communism and is therefore entitled to protection against it. But I do not think it is getting enough.

Before I proceed to demonstrate that fact, there are two things that I simply must say. The Fuchs affair has resulted in the United States in a recrudescence of that rather irritating "holier than thou" attitude. In mild retaliation, I venture to say that the Motion before your Lordships' House this afternoon has nothing in common with the shy-making-ballyhoo of Senator McCarthy—the very way not to handle matters of this kind. What I shall set before you this afternoon is fully documented, fair and factual. I hope, therefore, just to level things up a little that this afternoon the British Upper Chamber will set an example to the American Upper Chamber. The other thing I wish to say is this. Although I shall be fair and factual, I shall be vigorous, but not a whit more vigorous than was the Lord President of the Council in his speech last Friday. I thought that was an admirable speech, if I may say so, in which the Lord President said any amount of things I should have wished to say myself; but when I saw that the Lord President had said that the Communists should be democratically cleaned out of the unions, I could not help thinking that what is sauce for the unions is going to be sauce for a good many other people before I sit down today. I am very grateful indeed to the Lord President for making that speech, because I think he has made it hard for the Government not to accept my Motion this afternoon; and of course I shall do all I can to make it harder still.

My first concern is with the public service, but I have a great deal of ground to clear before I get there. In some comfortable quarters, seeing the complete Communist defeat in the Election, I might be thought even alarmist for bringing this Motion before the House, for we are all naturally elated that the Communists have forfeited their deposits. But wait a minute: what was the total sum involved? It was £13,950—a mere bagatelle to Moscow, which is spending more than that on the *Daily Worker* and other forms of sedition which are financed by the abuse of diplomatic privilege. Moreover, even before the date of the Election was fixed, it was fairly common talk that Messrs. Gallagher and Piratin would loose their seats, though I congratulate the Government none the less on the result. I should say that every household and every house sparrow knew that the Communists would forfeit their deposits.

Why, then, was the sorry exhibition staged? Mrs. Pollitt let the cat out of a fairly wide open bag on February 24, the day after the Election. For some unknown reason the B.B.C. gave the Pollitt family a double innings on the air. Mrs. Pollitt said, in substance, that they were not in the least dismayed by this result because the Parliamentary Elections and Parliamentary institutions were not at all their cup of tea; they work through the streets, the unions and the factories. Of course, that is perfectly true, but the Communists know very well that democracies seek for nothing better than an excuse to go to sleep if they can. And here is a whole tankful of soothing syrup, cheap to Moscow at £13,950. Therefore, I hope that while we all rejoice at the Communist defeat, we shall not lounge too far into the trap. We must not swallow every Soviet bait.

Take, for example, this matter of the maintenance of our missions behind the Iron Curtain. There are only two arguments in favour of maintaining them, both quite respectable. One is that the Foreign Office say they want a window on the world. I have already retorted that the

panes are frosted. The other is that we must stay because Stalin wants us to go. Well, yes, but have we not learnt by now that dictators always want several contradictory things at the same time? For example, Hitler wanted diplomatic triumphs, but he also wanted war—he wanted it both ways. Stalin wants us to go, but he also wants to destroy our prestige, to destroy it utterly, and nothing suits him better for that purpose than to maintain our missions there as a sort of Aunt Sally. That is one argument and here is another. Stalin is doing what all tyrannies not only do but are inevitably driven to do—they all seek to reconcile their subjects to their sufferings, particularly to the huge burden of aggressive armaments, by preaching to them that they are surrounded by a hostile and conspiratorial world wishing to spring upon them at the first possible opportunity. The Germans played that card *ad nauseam* before both world wars Their principal card was the cry of encirclement. Similarly, Stalin keeps on staging these fake conspiratorial dramas because it suits him to point to the West and the Western missions as the villains of the piece. We play his game to that extent by maintaining our missions there. That is the second counter argument.

I come to a third counter argument, and it it this. In the Cominform headquarters at Bucharest there is a Bureau of Supervision presided over by Signor Reale and a Monsieur Boysson. Signor Reale is an Italian Communist, who at one time was Ambassador to Warsaw; and Monsieur Boysson is a "big noise" in the Communist Movement and is, on the whole just as bad a man as Herr Baldur von Schirach, who is now in gaol. The Bureau directs the activities of diplomatists and agents in the non-Communist countries—including of course, here. I think that very objectionable. It is done, as I have already informed the House on a previous occasion through tbe intermediary of the satellite missions here. That also I think entirely objectionable. But it goes further than that. The Bureau also directs the activities of native-born Communists, and that I think quite intolerable. Here we have a hostile and alien Power ordering about people in this country—and it is still our country— again by abuse of diplomatic privilege. Nothing of the kind has ever prevailed here before, and I sometimes wonder how much longer it is to go on.

In passing, may I say that there is one thing that may not only interest but amuse your Lordships. That Bureau also spends some of its time in drawing up black-lists of the people who are to be "bumped off" when the opportunity offers—that is, principally, in the event of war. Your Lordships will no doubt take that no more seriously than I do. At the same time, it is perhaps right to mention in passing that I have personally known people who have been threatened with being put on that list unless they desisted from their anti-Communist activities; and, furthermore—again I mention this without any particular emphasis—I have also known people, when I have been collecting anti-Communist information, who have shown distinct signs of being afraid to talk. Intimidation in this country is in its infancy, but it would be unwise to overlook entirely the fact that the beginnings are there.

These communised states are perfectly logical: they behave to us as if they were enemy States—and that is exactly what they are. We on our part must realise that we are at war—the greatest war in history. There is no abiding accommodation between democracy and any totalitarian form. I do think it is most necessary that all British Socialists should take warning from the bitter lesson of their Continental brethren. These men were bemused and betrayed by illusionists who thought accommodation was possible. So Socialism was murdered. This country is full of illusionists, and so is the Commonwealth. For example, I noticed a short while ago that it was reported in the Press that Mr. Chifley had said that Communism was only another philosophy. Such ignorance in high places is truly dangerous. The plain fact is that the cold war is being waged without quarter by the Communists, and is hardly being fought at all by us. It never will be properly fought so long as we are handicapped by this damaging farce of technically correct relations. So long as we believe in that nonsence we shall always be fighting with one hand tied behind our back. Therefore, we shall not win the cold war, and he who does not win, looses—and how! We are naturally perturbed by the Fuchs case, but it would be the height of unwisdom to see in that only a slip on the part of M.I.5. What is fundamentally wrong, and what needs to be corrected, is the whole national attitude and frame of mind: the frame of mind of *laissez faire* and "slop along" in the nation at large, which often seems to be frighteningly reminiscent of public opinion in the Hitler days.

I shall begin my illustrations with the B.B.C., which ought to be, but is not, the most potent weapon in the cold war. A short while ago the B.B.C. refused to cleanse itself of Communists, and consequently Communists have remained. There is no mystery about it: the B.B.C. admit their presence, and I naturally know some of the offenders. On the other hand—I want to be strictly fair throughout everything I say to-day—we must be careful not to exaggerate this. The percentage is small but, as the Lord President has also observed, the Communists always manage to arrogate to themselves a degree of influence out of all proportion to their real numbers. So the Communist taint peeps forth from time to time, and particularly, as one might expect, in the Russian section. That section is in rather a poor way—again I do not exaggerate—both as regards personnel and performance. I do not for a minute say that all its output is bad; but some of it is unhelpful, and some of it is harmful. Moreover it is not technically well equipped for its job. Some of its members do not speak Russian at all, others have learnt through books, and others speak with faults of grammar and accent. Again that is not a universal application. I have a number of affidavits from highly-placed professors of the Russian language deploring these low standards. Why are they tolerated? I think for the same reason as has permitted the continuance of a series which has in the main been definitely harmful, called "Soviet Views." As one would expect, "Soviet Views" are inevitably hostile to this country—indeed, they contain large chunks of *Pravda.* So that virtually, on occasion, we are carrying out Soviet propaganda.

Another shortcoming that I lay to the charge of the B.B.C. is that they have failed to make adequate use of the large number of most distinguished exiles that we now have in this country. That is a subject on which I may have more to say on another occasion. I consider, and many people with me, that the fundamental attitude of the B.B.C. is feeble. Could anything have been more mistaken than to give the Communists broadcasting time during the Election? You may think that all very well from the domestic point

of view, but nobody in the B.B.C. seems to have paused to reflect what an extraordinarily discouraging effect that would have on people in Eastern and Central Europe. They naturally think we are not serious in this fight. But we are fighting for our lives, though the B.B.C. do not seem to realise it. This country is full of exiles who have lost their political lives precisely because they allowed the Communists to broadcast too much. What, then, are they to think of us if we give a free run to the Party of terror and persecution? They think we are crazy. In a word—and I do not want to dilate on this subject too much—what is fundamentally wrong there is that the B.B.C. share the delusion expressed by Mr. Chifley, that Communism is just another philosophy. Either they must change that notion or we must change the management. We cannot afford that luxury nowadays.

I pass to another infected field—that of education. I raised that matter here on December 7 last year, when I quoted the claim of Communist teacher Mr. C. G. T. Giles —a fellow Etonian, I regret to say —who affirmed that there were 2,000 active Communist teachers. When I did so, the noble Lord, Lord Crook—who I am sorry to see is not in his place to-day—queried my figure. Of course, I should not wish to split hairs with anyone. That is a round figure—it may be rather less and it may be rather more. In any case, the important point to retain is that it is an exceedingly moderate figure which represents 1 per cent. of the teaching profession. I am the first to congratulate the 99 per cent. that went not astray, and to testify that the vast bulk of the teaching profession in this country is entirely sane and sound. At the same time, your Lordships would be unwise to assume that that overall figure of 1 per cent. invariably holds good. For instance, it may not have escaped the notice of your Lordships that the percentage of teachers among the Communist candidates at the Election was very largely in excess of 1 per cent. In any case, there are areas where that figure is not only exceeded, but markedly exceeded. I think you would find that to be the case, for instance, in Birmingham University, where there is certainly a Communist clique which seems able to indulge in rather a curious performance to which I shall allude later.

Now when I asked that question about Communist teachers, I received an evasive and non-committal answer. I am not in the least criticising the noble Lord who gave it; I rather commiserate with him on the text provided by his scribes. That answer said, in effect, that it did not matter if teachers were Communists, provided they were Communists out of school. I really do not know whether anybody but an idiot would expect Communist teachers to get up in class and scrawl across the blackboard "I am a Communist," or that anybody but a tomfool would suppose there were not a dozen different ways of inculcating Communism otherwise than by preaching and teaching Stalinism in class.

We are facing years of increasing grimness, and none can tell whether they will culminate in a Soviet war of aggression. I can only say that in my considered judgment the odds are on such a development rather than against it. In all my life I have never seen any nation preparing for war quite so overtly as the Soviet Union, and I would add that I have in the past proved a fairly accurate prophet about these matters. Therefore, it seems to me that democracies are bound to take some elementary precautions. I ask for no persecution. There are nine and sixty ways not only of constructing tribal lays but of enabling Communists to earn a livelihood, but I do not think that teaching and broadcasting should be among them. That is too great a risk, seeing the times in which we live. I venture to say explicitly that if we do not insist upon Communists and fellow travellers being cleared out of the B.B.C., we shall not be acting on the mandate of the British public, which has been clearly expressed.

I come to another field in which there is some infection, and that is the Church. I should like to make it plain from the start that I am not in any way criticising the Church. What I am trying to get at is the apathy of public opinion in relation to offences when they are committed: that is my constant theme throughout. I always proceed by concrete examples, and therefore I will begin in that way. I have protested several times in the past, but in vain—it has aroused no interest at all—against the activities of a body that called itself the Council of Clergy and Ministers for Common Ownership. Formerly known as the C.C.M.C.O., they have now changed their initials to the S.S.C.M., but I do not pay much attention to this Communist or semi-Communist gyration. The leading personalities in that organisation have been the Dean of Canterbury and the Bishop of Bradford. There are, of course, a considerable number of other members, and for years they have been writing a series of pamphlets called *Magnificat*. The first was by a particularly murderous priest called Canon Gilbert Cope, in which he openly advocated the killing off of his political opponents and the distribution of the loot among the boys who did the job. That pamphlet received a glowing preface from the Bishop of Bradford. Anybody who knows anything about this man Cope must have known that he was a potential killer, and yet somebody in Birmingham University has been able to secure him a job under the auspices of the university. That seems to me remarkable, because to profess oneself a Christian in one breath and in the next to advocate the liquidation of people who disagree with you on a point of economics is the most revolting hypocrisy and nothing else.

The second pamphlet in that series was contributed by the Bishop himself. In it he says that "Communism in Russia is delivering the message of Christ." I do not know whether that message is supposed to be delivered to the 15,000,000-odd souls who are undergoing forced labour. Not much attention was paid to them. There are other phrases of the same kind in the pamphlet, which has a distinct Communist implication. Some go a great deal further. No. 3, for example, and, for that matter, No. 17, were both written by a priest called Mr. Stanley Evans. No. 17, by the way, is called *Christians and Communists,* and I need hardly say (and this is characteristic) that there is much more about Communism in it than about Christianity. Now this Mr. Evans is the man who scuttled our to Budapest at the time of the trial of Cardinal Mindszenty, and then scuttled back to tell us all that it was a jolly good show; that the Cardinal had jolly well got what he deserved, and that all the Hungarian Communists were jolly good fellows. That was greeted by the British public with relative silence. In fact —I may have been unlucky—but mine was the only voice I heard raised in fury. This man Evans is so far—I can find no other word—prostituted to Stalin that he went out to Russia and said that there was more religion in Russia than

(*Continued on page* 8.)

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From Week to Week

Keep 'em in, and give 'em hell.

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We don't know whether the repetition of the warnings we have given (as to the military nature of the problem to be solved before correct financial measures are possible) serves any useful purpose, but in case anyone should suppose that we are "just another group of anti-semitics" we bring to the attention of our readers one more, serious, documented publication, written in German, but published in Switzerland by an author who elects to be known as Severin Reinhard. The title of the book is "Spanischer Sommer" and we are informed that most of the details, although not the main thesis, are extracted from a book which was published by a famous Dutch firm, but of which only two copies escaped to the general public the remainder of an edition of two thousand were bought up and destroyed by an agent of the Warburg family.

We hope to devote more adequate space to this book; but the fundamental issue can be stated in a few words.

The thesis is that a small group, whose names and history correspond with those pilloried by, for instance, Monsieur Coty in his *Figaro* articles of some years ago, are constantly engaged in fomenting wars, revolutions and economic crises, with the object of wrecking society everywhere in order to step in and assume absolute control, or world dominion. They financed Hitler, partly through the Bank of "England", in order to destroy England.

The masses of "workers" are the primary tool with which to ruin the otherwise stable middle classes, and both the finance and the brains of Socialism, Communism, or what have you, come from this immensely rich and powerful, but quite small, group.

Now if this proposition is even approximately true (and we believe that there is ample evidence to that effect) then our current "politics" are just the make-believe of children. And the longer this situation is allowed to drift, the more certain is our destruction.

We can only leave it at that.

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Mr. Emanuel (God-with-us) Shinwell is said to be suffering from food poisoning. He feels that this is carrying the policy of "fair shares" to absurd extremes.

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No doubt many of our readers have seen the interesting correspondence proceeding in the *Daily Telegraph* on the charms of Austro-Hungary under the Habsburgs. We refer to it because it brings into relief certain factors which appear to characterise the Brave New World and its New Statesmanship.

The first of these, of course, is contempt for Christianity. Austria was a Roman Catholic country and it is scarcely open to doubt that she was singled out for destruction at least as much because of this as for more obviously political reasons. Next, Austrians were a people of exquisite manners, perhaps the most attractively mannered race in Europe, which, in the era of which we treat, is as much as to say, in the whole world. And thirdly the whole population was *persistently* and markedly light-hearted and happy.

We have for long been convinced that the Marxian "Class" war, like so much of Marx, is a curious twist to a persistent fact; what we now call an inferiority complex. The genuine Collectivist hates superiority and fears beauty, and would much rather make the rich poor than the poor rich because *some* rich foster beauty. The dogma that the only differences in culture are economic in origin is so patently absurd in the light of the evidence which can be gleaned by anyone who will visit the haunts of the present-day rich, that it ought not to be, but it is, a matter of importance to place on record the memories of a better day.

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A correspondent has directed out attention to verses 3-11, Thess. II, 2nd Chapter, as translated by Mgr. R. Knox.

They really are very curious, and they raise in a striking form, at this time, the problem of the nature of prophecy, because it is hardly an exaggeration to say that the whole fabric of the universe is involved.

It is, of course, true to say that we can all be prophets to some extent, and in certain ways, and that this everyday kind of prophecy is of the "slide rule" variety—cause and effect. It has already been suggested that this principle is not comprehensive; but if there is a kind of prophecy which is outside of it, it must proceed from something connected with epigenesis—the derision of the evolutionists.

"Only in War or Threat of War . . . ."

"We have laid the foundations for the Welfare State, it has come to stay, and it has to be paid for. I admit that we could not have done it in five years had it not been for the great height to which war raised taxation. When we came into office in 1945 we used the level of war taxation and switched its objective from fighting the Germans to fighting insecurity. This enabled us to do what we have done in five years instead of in a generation."

— MR. BENSON, *M.P. for Chesterfied, in the Budget debate on April* 19.

Mr. F. A. Voigt

Quoting from Mr. F. A. Voigt's article in the April issue of *The Month* last week, we inadvertently stated that Mr. Voigt was Editor of *The Nineteenth Century and After*. We understand that Mr. Voigt no longer edits that well-known periodical.

PARLIAMENT

House of Commons, April 19, 1950.

Budget Proposals and Economic Survey

Mr. G. B. Craddock (Spelthorne): . . . Yesterday, the Chancellor of the Exchequer spent some time delivering a homily on surpluses. I fully appreciate that this is the Keynesian theory of budgetary control and economic policy. Let me be frank and say that I have never accepted the Keynesian theory as a sound long-term policy. I wish to emphasise the phase "long-term policy." I am not being wise after the event because, ever since it was promulgated, I have spoken and written against it as an unwise policy from the long-term point of view. The theory of surpluses is supposed to maintain high employment. Yesterday, the Chancellor emphasised that aspect very strongly, and I understand that in his broadcast last night he also emphasised that the policy of surpluses was entirely responsible for the maintenance of full employment. That cannot be the case.

As one of my hon. Friends said, it is on record that responsible Ministers of the Crown have stated that if it were not for Marshall Aid there would be 1,500,000 to 2,000,000 unemployed. If that is so—and it comes from very responsible sources—one cannot see how full employment has been maintained as a result of the Keynesian theory. It is also supposed to prevent inflation, but has it done so? I cannot accept that, and I would go so far as to say that inflation is with us now almost as acutely as in past years. One gets evidence of that from rising prices and the continued pressure for higher wages. In view of the cost of living, one cannot blame people for pressing for higher remuneration. A further point is the continual lowering of the purchasing power of the pound. These are all very dangerous inflationary trends.

The policy of surpluses has not encouraged saving. In the Economic Survey the country is asked to save more. I cannot see how that is possible in face of the present high taxation. Furthermore, the policy of budgeting for surpluses in the way it has been done provides absolutely no incentives to the people, and that is one of the most important things for us to deal with at the present time. Surely the proper way to encourage savings and to provide incentives, not only to the individual but to industry as a whole, is to get Government expenditure as low as possible, with consequent lowering of taxation.

This leads me to the subject of exports. I was glad to hear my right hon. and gallant Friend the Member for Leicester, South-East (Captain Waterhouse) say that we want very much higher sales in the home market, which will help the export trade. I believe the time has come for us to get back as quickly as we can to the old, well-tried view, which has stood the test of many years, that exports are essentially the overspill of the home market. Greater incentives both to industry as a whole and to individuals lead to greater production, and that is one of the main ways of getting down costs. With lower costs the natural corollary is lower prices. This encourages in every possible way a great upsurge of production. I do not deny the great effort and the success which have already been achieved, but I believe most sincerely that with additional incentives such as I have indicated there would be a much greater upsurge in the country which would bring more to the home market and leave a still bigger amount for the export trade.

I will give an example from the motor industry. I have here a letter from the director of the Society of Motor Manufacturers and Traders, which says that during 1949 the output of the whole of the motor industry was: cars, 412,000; commercial vehicles, including public service vehicles, 218,000—total, 630,000 vehicles. The letter states that the present capacity of the industry is sufficient to make 800,000 units; that is, that current production falls short of what could be achieved by approximatey 170,000 vehicles. Surely, if encouragement was given to the industry to produce to the fullest capacity the industry would be able to bring down costs and lower prices, and greater sales to the home and export markets would be possible. I was surprised to hear the Chancellor say yesterday that so many commercial vehicles were being sold at home. I do not know the reason, but it may well be that the price of commercial vehicles is still too high for people abroad.

Mr. David Eccles (Chippenham): . . . The Committee, therefore, may think it appropriate at this moment of High Summer to compare the Socialist Budgets we have had so far with those half-forgotten Budgets of Conservative and Liberal Chancellors of the Exchequer, and then to go on and consider for a minute or two the shape of things to come, Pre-war Budgets were essentially middle-class. Their authors were men trained in the business of making and keeping money.

Mr. Harrison: Particularly keeping it.

Mr. Eccles: Their habitual study was profit and loss accounts and audited balance-sheets. They knew very well how to get value for their shareholders money. They were shrewd enough to accept the necessity of saving, and they refrained from consuming a substantial part of their incomes. As for the man who spent more than he earned, they knew quite well what happened to him; his credit disappeared, and when the boom subsided he went smash. These bankers, merchants and industrialists applied the lessons of their own experience to national finance. For them, the Budget was a form of expenditure that very seldom created a productive asset, and therefore it ought to be kept as small as possible and each item minutely controlled. It is popular now to deride these middle-class principles, and to forget that if our predecessors had not acted upon them, the countries of the sterling area would never have formed the habit of leaving their monetary reserves in London, and British industry, capital and credit would never have conquered the markets of the world.

However, history moves on, and once the property qualification as a condition of the franchise was abolished, once the suffrage became universal, another kind of experience, different from that of the middle classes, began to knock at the Chancellor's door. The new electors had old needs, and they believed—and rightly up to a point—that these needs could be satisfied through the Budget. But no attempt was made to help them to see that unless a continuing restraint was exercised, unless some of the old middle-class principles were applied to their insatiable demands, the social progress which all desired would pass through a boom to a "bust."

That brings me to the essential difference between the old Budgets and the modern Budgets. Formerly it was held that the smaller the Budget the better for the nation. That

principle has been turned completely upside down, and the majority of the electors now wish to see State expenditure expanded in directions and at a pace far beyond the resources of the nation. In our generation the fashion is, the larger the Budget the better for the nation. I shall all my life remember the Debate a year ago on the Supplementary Estimates when the hon. Member for Jarrow (Mr. Fernyhough) and the hon. Member for Tottenham (Mr. Messer) argued that the only criteria which this House should apply to the amount of money to be voted for the Health Service was the needs of the people for medical treatment and care. Suddenly, starkly, we saw revealed the driving force of a working-class Budget in all its undisciplined humanity and in all its shapeless suicidal power.

From time to time in the last Parliament the Labour Government tried to curb this cormorant of public money. They fixed a ceiling for food subsidies and went back on it. They announced some delayed-action economies which were intended to make devaluation respectable. They said they were going to make a charge for prescriptions, and there were to be no more Supplementary Estimates. Now we are to believe that the taxpayers' contribution to the National Health Service is to be held at the astronomical figure at which it has climbed unchecked. That undertaking will be of no more value than all the previous undertakings given by the right hon. and learned Gentleman, for here we see this new force at work, here we see it defeating whatever middle-class virtues still betray the origins of the right hon and learned Gentleman, the right hon. Gentleman the Minister of State for Economic Affairs and the Financial Secretary to the Treasury—they all three come from the same and best of public schools—who now rule at the Treasury.

We enter a new age in which the good Chancellor is not one who spends least but the one who spends most. This is the financial aspect of the revolution in economic policy, of which the right hon. and learned Gentleman spoke yesterday. It is quite easy to condemn it as wholly bad, but I think that anyone who accepts the implications of universal suffrage must pause and inquire whether there is not something valuable in this change, which we ought to combine with much that remains true in the old principles of finance. For instance, it is surely a matter for rejoicing that all political parties now recognise how infinite is the scope to increase the opportunities and improve the standards of the school children and the old people. We differ sharply about the pace at which these improvements can be made. But that does not alter the fact, which is a very important fact, that we are all pledged to the principle of expanding Social Services.

The discovery of this horizon without limit is an important guarantee that, provided we can pay for our essential imports, we shall be able, year in year out, to maintain stable employment, because we have ready to hand this unsatisfied demand for expenditure on both consumer and capital account which can be brought in when there is a falling off in domestic spending. These are great prospects, but they will remain mere dreams unless we apply to the new and limitless demands for State expenditure the old middle-class experience in financial control and the middle-class preoccupation with the effect of taxation upon the creation of wealth and upon the credit of Great Britain.

I should like to digress for a minute to draw the attention of the Committee to some of the changes that have been brought about by this new principle of spending all we can get in. Owing to the six years of war and, as was mentioned by the hon. Member for Chesterfield, the fact that the public became accustomed to very heavy taxation, the enormity of the changes is sometimes forgotten. It is extraordinary, but a fact, that the downward swing in Government expenditure from the dizzy heights of total war had already exhausted itself in 1947-48. Ordinary expenditure in that year was £3,100 million, but as that figure and the corresponding figures for the next two years contained huge terminal payments which are now largely completed, we find that the expansion since 1947-48 in the continuing ordinary expenditure of the Government is no less than £740 million. In other words, in the short space of the last three years, Labour Governments have added to current spending a sum equal to a total Budget for the middle 'thirties. . . . . The great increase has been in domestic expenditure. As my right hon. Friend the Member for Saffron Walden (Mr. R. A. Butler) showed, the total of taxation has climbed to 43.5 per cent. of the national income—almost double what it was in the mid-thirties. In 1936, it was 22 per cent. We have gone from that to 43.5 per cent. To finance this unparalleled increase in expenditure, the Socialist Government, for the first time in our history, have had to push the rates of tax to a point where a further increase would mean a lower revenue. This is in time of peace; at a time when we are unable to pay for our food and raw materials; and when they knew that Marshall Aid was soon coming to an end. The moment could hardly have been worse chosen to jam us right up against the high-water mark of taxable capacity.

In 1950 many sources of revenue are still inflated by the closing stages of the post-war boon, and the next significant move in the revenue, assuming that we do not have galloping inflation, which none of us wants, is likely to be down; but, as the Chancellor has often said, if this decline comes about it will do so at the moment when there are automatic increases in the cost of the social services, as, for example, when more schools and hospitals are built and the number of old age pensioners increases.

Taking a 10-year view of the finance of the sprouting welfare State, it is just about as insecure as it could be. We know that competition is coming from Germany and Japan which will squeeze out our easy profits. The world boom will subside. Part of this overgrown structure of the welfare State will have to go, and we shall be fortunate if the collapse is confined only to the top storey. I admit that that is in the future. What do we pay even now, while the boom still lasts, for taxing ourselves to the limit of capacity. . . . The social costs of the last few hundred million of a Budget of £3,900 million far exceed the benefits we get from the expenditure of that money. These costs can be summed up under five heads. The difficulty in controlling Government expenditure of that size; chronic inflation; the destruction of personal savings; a decline in the efficiency of production; and the wage-freeze.

My right hon. and hon. Friends will go into the details of these evils at much greater length than I can tonight, but I would point out that all these evils aid and abet one another and that all of them flourish when the taxes bite too deeply into the earnings of the people. These handi-

caps take a good time to show themselves, and they are very hard to measure in Statistics. We have heard from the hon. Member for Oldham, West (Mr. Leslie Hale) and the hon. and learned Member for Kettering (Mr. Mitchison) that it is quite easy to pick out figures to show that, in spite of the burden of taxation, Britain's recovery has gone a very long way. .

Let those who will take comfort in those statistical selections. Like a human being, an economy, by indulging in a stimulant, can for a time disguise how sick it is in mind and body. We all know in our hearts that there is something very wrong with our wages, prices, savings, taxation and foreign balance. The housewife worries about the prices, the trade unions worry about the wages, the professional man is worrying about his savings, and all of us are worrying about taxation. Is it not possible that there is a common source for all those anxieties, and that that common source is the oversize of the Budget?

. . . I think we need to worry. It is difficult to measure but still it is a fact that the sellers' market has disguised the burden of taxation. Rising profits mean rising revenue, but when the profits fall and the revenue, too, from which new taxes is the gap to be met? When, as is now happening, the terminal revenues are coming to an end, from where is the gap to be filled? The right hon. and learned Gentleman did not tell the Committee that over the last three years he has collected £400 million more in terminal revenues than he has disbursed in terminal payments. What happens when those are no longer there?

And then take savings. The decline in savings has been offset by E.P.T. refunds and by the use of reserves which were held back in the war. At the very moment when this temporary finance is exhausting itself, personal savings are in full retreat before the rising cost of living. Again, little by little the fear is growing that our domestic over-spending will drag British prices out of line with world prices. If that fear did not exist, why do His Majesty's Government hesitate to risk the convertibility of the £ in the company of European nations, not one of whom has the metropolitan and imperial resources that we have?

Apart from these considerations, does any hon. Member believe that the high level of taxation had nothing to do with devaluation? [An HON. MEMBER: "Yes."] Well, what was devaluation but an admission that if British prices were not slashed we should have had this last winter under Socialism heavy unemployment? And whose over-spending was it that pushed the prices so high, and will do so again if the necessary economies are not made? The Chancellor himself makes no bones about it. He told us yesterday that he is the man who has the chief responsibility, acting through the Budget, for the price level. He it is who determines the extent of the demands upon our national resources. It is the right hon. and learned Gentleman who has put such a strain upon British man-power, savings and prices that the public has tried to shift the burden, and will go on trying to shift the burden, by demanding higher incomes. As the hon. Member for Wimbledon said, it is the intolerable size of the Budget which is the source of all this trouble. Hence the rise in prices, hence the devaluation last September, hence the wage freeze and the danger of another crisis if necessary measures are not taken.

What can be done to reverse these forces of disintegration? I used to think that the case was so clear for reducing the size of the Budget that all argument could be concentrated upon where the cuts should fall and which taxes should be lowered. The General Election has shown me, however, that before common sense can get to work there has to be a big change in public opinion. The party opposite—and the right hon. and learned Gentleman was at it again last night on the radio—have created such a false climate of thought, have set up such resistances in the public mind, that economies in the Budget, which are the only things that will take the pressure off prices and wages, will fail in their purpose and will boomerang against the very object they were designed to secure.

Perhaps I may put this difficulty in a crude form. Supposing a reduction of £100 million in the taxpayers' contribution to the Health Service met with such fierce opposition that serious trouble followed, good sense would have been defeated in advance; or suppose that the abolition of the Profits Tax upon undistributed profits touched off a fusillade of wage demands and even strikes, again good sense would have been defeated in advance. As the old Latin tag put it, we have reached a point where we can neither bear our vices nor their remedy—

"Nec vitia nostra nec remedia pati possumus."

We have to reckon with these resistances which have been deliberately and successfully fostered by Ministers.

Must we, then, admit defeat? Is it now too late to combine in one and the same Budget the old principles of economy and the new desires to spend without limit? In his Budget speech a year ago, the Chancellor drew the conclusion that the expansion of the social services must go in step with the increase in the national income. That sounds all right, but what exactly did he mean? Have we reached the position where it is the settled and permanent policy of the Labour Party to spend the maximum revenue that can be raised by the most ingenious combination of taxes, extracting the last penny from rich and poor that can be taken without provoking a taxpayers' strike? My hon. Friend the Member for Spelthorne spoke on this point and, I am sure, would join with me in asking the Government whether it is their policy only to call a halt in expenditure when it is seen that the effective limit of taxable capacity has been reached.

The Chancellor spoke yesterday about a framework of democratic planning within which the British economy is to flourish and expand. I want to tell him this. If the framework means jamming us right up against the high-water mark of taxable capacity, this year, next year and for ever, then we shall pass from one depreciation of the £ to another until not all the broadcasts and all the controls in the world will check the accumulated bitterness of savings gone, real incomes vanishing, and the welfare State in ruins.

And so I ask myself whether our democratic institutions themselves can survive unless we can achieve this reconciliation between the old and the new principles of finance. It has to be done, but how difficult it will be, for it involves a major change in British policy. There was a time when His Majesty's Government took the exchange rate of the pound as the guiding priority of their economic policy. All the other elements—the interest rate, the level of taxation and the degree of unemployment—then fluctuated round the exchange rate, which was the strong point that had to be held at all costs. We know the result; great

wealth, but at a great social price. Then, in revulsion against that policy, the Labour Party chose another Ark of the Covenant. The new holy of holies is the frozen employment of 98.5 per cent. of the working population and a domestic programme in which cost is a minor factor.

Now it is the turn for the other elements to fluctuate, notably the foreign balance and the purchasing power of the pound. The result, though different, is equally lopsided and equally destructive of national harmony and progress. Compared with what we have to do now, it was easy to set the course by watching the exchange rate, although the social cost proved to be intolerable. Compared with what we have to do now, it is easy to set the course by watching the unemployment index, but the price in the rise of the cost of living and in falling standards will also prove to be intolerable.

One asks are these two objects, the old object of steady prices and the new object of full employment, so contradictory that we cannot pursue them at one and the same time? I thought the Chancellor yesterday came very near to saying he thought they were so contradictory that we have to make the choice. It seemed to me far the most significant passage in the whole of that two and a half hours. Need we be so easily depressed? To put this in other words, could we not find the way forward to a disciplined expansion of the social services? I admit that has not yet been done in any free country, but for my part I am optimistic that, wisely led, the British people can and will successfully pioneer in these unexplored regions of domestic finance.

I am optimistic for a number of reasons, the chief of which may not commend itself to the Committee. It is the fact that we have had the good sense to give women the vote. Women of course are much better at budgeting than men. They lay out the weekly money. They know that a new dress for Annie means that Tommy's shoes must wait, and when it comes to Christmas they are the realists who tell father it is not what the children want, but what the family can afford. The Government could trust these competent chancellors of the family exchequer with the true facts of the national finances. Ministers who did not only preach economy from the Despatch Box and the pulpit, but also practised it in their own Departments, would win the understanding and support of the women. They would find, if they gave the lead themselves, that the argument would be irresistible for living within the national income and doing so by a well-thought-out, carefully explained scheme of priorities in the social services. But it is quite unreasonable to expect ordinary men and women to pay attention to appeals for greater effort and economy from a Government which issues a blank cheque to the Minister of Health and when that right hon. Gentleman in one year fills it up for £100 million more than the sum he first thought of.

My conclusion is that the danger to the financial structure of the country, which is also the danger to our free institutions, will not be removed until we have a Government which explains successfully to the public why it is in their own interests that the size of the Budget shall be reduced, what will happen if it is not done, and how it can be done preserving that sense of social justice which we all feel in these days? There was no possibility in the last Parliament that the Socialist Party would humble themselves, eat their words and speak this kind of truth. Why should they? They believed they would have the power for ever and ever to deal with inflation with all the apparatus of controls and compulsion. They no longer have the power, nor have we on this side of the House. Perhaps Providence has decreed this evenly-balanced House of Commons to teach us to think again about the old and the new finance, and, taking what is good in both, to forge a modern discipline which will secure the strongest and the steadiest rise in the living standards that British industry and the British character can earn. I should count the uneasy months of this Parliament well spent if we used them to make a start in that direction.

COMMUNISTS IN PUBLIC SERVICE

(*continued from page* 3).

in his own country. Again silence.

Mr. Evans has an equally tainted colleague called the Reverend Mr. Chambers. And when the fifteen Bulgarian pastors were being destroyed the Reverend Mr. Chambers scuttled out to Sofia, and then scuttled back again to say that that also was a jolly good show, that the pastors had got what they deserved and that all Bulgarian gangsters were jolly good fellows. Again, there was dead silence. I noticed no reaction in the Press or from the public at all—in fact, I knew nobody but myself who was really furious. Before I leave this *Magnificat* series I would mention one more, No. 9, by a gentleman called the Reverend Mr. Worlledge, in which he said that Marx and Lenin are the instruments of God. Well, my Lords, it is news to me that such instruments are usually picked from among people who deny and assail God. I should have thought that that was most unusual; and in any case I do not much care to see God degraded to the position of an antiquated and ferocious economist. But again there was dead silence from the public.

I will quote an even more extravagant case. On February 12 there was a Communist rally at Harringay, addressed by Mr. Harry Pollitt. He said:

"You must learn to hate, hate, hate, and if you don't hate you know nothing of Communism."

He was followed by the Dean of Canterbury who said, "This is the Gospel of Jesus Christ." But I thought that if there was one thing on which we were pretty well united, it was this: that we have regarded Christianity as something in the nature of what Whittier called

"The silence of eternity interpreted by Love."

But along comes the Dean and says it is hullabaloo interpreted by hate. It is hard on us Protestants to be saddled for keeps with that evil charlatan and his acolytes. In the Catholic Church, I believe—and perhaps, if I am wrong, some Catholic noble Lord will contradict me—that such people would be excommunicated. But we are handicapped by old rules and also, I think, by the public apathy, the weakness of the public stance, to which I have already alluded. It is that weakness which leads many Churchmen and Socialists still to look upon the Communist as only some slightly erring brother, and which leads Liberals and Conservatives also to say in my astonished presence that some particularly bad fellow traveller is "not a bad chap really at bottom you know." These are luxuries we cannot afford.

But I am drawing my illustrations from clerical circles and I will return to them.

(*To be continued*)

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