

# THE SOCIAL CREDITER

## FOR POLITICAL AND ECONOMIC REALISM

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*(The following is the conclusion of the address of which the first part was published here last week:—)*

"But there are some who would have us believe that what is coming into being in the upheaval and disorder through which we are passing is some new and finer culture, and that we are reactionary in resisting its birth and in clinging to the husk of an outworn mode: that we are nostalgic. I can only assert that by every test which we have been able to apply this doctrine is false. By every test, the process of change we have suffered for perhaps now hundreds of years, and which is accelerating, is a decline, a deterioration, a draining of the potentials of the universe into a stagnant pool, than which there is no lower level, in accordance with the law which physicists call the law of *entropy*: the continual, inevitable degradation of energy, the running down of the universe comparable to the unwinding of the spring of a clock proceeding until at last the clock stops. The promise of the culture which is under attack, which I say is virtually in a state of disintegration, a promise slowly but almost steadily fulfilled over centuries of the history of this country, lifting the people of this country to a level of sensible, satisfactory life, higher than, I believe, any other human community has ever reached, is the answer: incidentally, it is the promise of the Christian religion and of the Church. By these fruits we may judge whether Faith, 'the evidence of things not seen' or subversion, of which things seen is the evidence, is the better justified. And there we have or surely ought to have allies, and I believe we have allies, although they are difficult to find, though perhaps not inactive.

"I do not think you can effectively oppose so absurd and disastrous a process as I have tried to describe by such an expedient as an occasional lecture, or class, or meeting. There are indeed some things which it is possible to teach. You can teach a man to speak a language which millions of his fellows are already speaking and have been speaking since infancy. You can, with more difficulty, teach a man a language which few speak. But you start with a man already persuaded of the existence and validity of linguistics. You can teach a man to count or to measure territories when everybody believes in the plurality of things and in the fact of territorial extension. You can teach people what, untaught, they already believe to be true. You can deal with all kinds of data as though they were coffee beans, introducing them into the funnels of your technological mechanisms, your intellectual mills, and you may receive at the other end the more finely divided coffee. But you deceive yourself if you believe that what is delivered to you is essentially something new as well as fine, something different from that which you delivered into the care of your mechanism. Douglas has pointed out that, of all the faculties of the mind, this faculty of reason, which has been magnified above all others, is, so far from its being the highest, one of the most resembling a purely mechanical function. On this its precision rests; but

what it furnishes is only the data with which it is supplied in another form. There is alive in other besides Social Credit circles, some clear criticism of this intellectualism which has proved so destructive in recent decades, and, to my mind, it is very significant how closely this comes—by a new interest in the phenomenon of Intuition—to that holistic notion which is so marvellously reflected (you may have noticed it) in the use of money proposed by Douglas, the right use of money, constantly serving the needs of economic life and not imposing restrictions upon it. In its direct reference to life itself, Major Douglas's idea more and more seems to me to reflect the essential quality of intuition, and those whose minds are moving on this plane should not be insensible to this suggestion.

"However that may be, it seems clear that we cannot effectively assert a philosophy of which we ourselves cannot recognise the essentials, a philosophy in which we cannot identify the alien, false, elements which subversion has introduced.

"You cannot teach a culture. A culture is a thing of long, continuous and patient growth. It cannot be propagated but by the means by which all living things are propagated—by continuing the life already existent: by seeds which are living parts of the parent: by the rooting of living fragments and so on. So we have to apprehend, consolidate, reaffirm, and *live* those fragments of our culture which remain whole and undisintegrated in ourselves. If some of the branches of the tree are dead, it is from the still living parts that growth can occur and from no other.

"It seems that into our custody has been entrusted, not solely perhaps, but significantly, and, so far as we are concerned consciously, the remnants of that culture which we alone have the means, through Social Credit, to revivify and to restore to fruition. It has come about that the essentially Christian Constitution which we have recognised as tripodal (trinitarian) in its nature has been perverted if not destroyed. Implicit in Lord Acton's dictum that "all power tends to corrupt," is the need to separate Power and Authority—two 'feet' of the tripod. That this was *not* done effectively is the root of the trouble. Nothing that I know ever can effect this necessary separation, leaving Authority enshrined and separate to continue and free to discharge its function uncorrupted by Power except Social Credit. So again I say there are two things particularly to which we must first pay attention in this time of crisis and uncertainty and both are primarily a personal, an individual responsibility, not a group activity of any sort. One of these things is the complete possession of what remains of the culture we would possess and nourish—by each of us. And the other is the unremitting repudiation of all those subversive elements which are undermining it. I instanced yesterday the example of the absurd reversal of human objective implicit in the foul doctrine that the aim of man is the maintenance and expansion of the

production system, the works system.

"But I am told that we are simple people and that both these courses are beyond our capacity. I do not believe it.

"I am not diverging into mysticism: I am stating a fact of experience when I say that the only ultimate satisfaction of life comes to us through those momentary revelations of reality by some direct apprehension of it. I have said that the results of these moments of vision are very extraordinary, and not least in the enhanced power of the individual concerned, often much to his own surprise. Once the nature of a purpose is grasped imaginatively as a whole, standing in 'the light,' not overshadowed, if it is a sane purpose, a real purpose, it becomes possible of accomplishment.

"Mere formulæ, however well you memorise them and whatever justification there may be for their elaboration, are more likely to be your destruction than your salvation. They belong to that suspect realm of mechanism and not to life at all. Each has in it these seeds of falsity; they are the letter which killeth. You cannot assert the primacy of Life except by living.

### The Levels of History

Count Corti remarked, in the preface of his *Rise of the House of Rothschild* (1927), that "the influence of the House of Rothschild is barely mentioned or, at the most, casually referred to in otherwise comprehensive and painstaking historical treatises." If he had been writing today, he would have had little to say about casual references. In Mr. Douglas Jerrold's *England, Past, Present and Future*, for instance, the House of Rothschild is not mentioned at all.

Mr. Jerrold's survey, in fact, is a mixture of wisdom and omission. He says, "It is not often appreciated, and it is high time that it was, that Great Britain is the only great power seeking to operate an unrestricted democracy without an effective second chamber and without a written constitution." Yet he calls the Magna Carta "that reactionary feudal document," and leaves out Blackstone and his theory of balance altogether.

Apart from a hint at the existence of "secret societies," the book gives no idea of the web of irresponsible power that has been for long distorting the life of Britain and of Europe. Goethe's remark, "This scandalous law . . . I expect the all-powerful Rothschilds are behind it," would have no relevance in Mr. Jerrold's account. Nor would Corti's phrase that Meyer Amschel had founded "a world power which was to exercise an unparalleled influence throughout Europe."

The value of Mr. Jerrold's book, which is most enjoyable and provocative to read, lies mostly in his unveiling of the "positive State." He points it out under the Tudors and under Lloyd George, and ascribes the development of the Welfare State to the Conservatives. This is doubtless correct, but I do not find it possible, as a resident in a distressed area in the thirties, to accept his account of Baldwin as a benevolent reformer. The fact is that Mr. Jerrold writes nothing that might disqualify him from a seat beside Mr. Hollis.

But his vindication of Victorian times against their cheap modern detractors is refreshing. He mentions the discovery of gold in Africa, but skips the finds of the middle of the last century which had so much to do with Victorian prosperity. A century of comparative peace was undeniably to the credit of the Victorians. But the factors that undermined the peace—such as the gold standard and monopoly of credit—are not brought in. The Turkish revolution—under

(Continued on page 7).

## PARLIAMENT

House of Commons: December 15, 1950.

### Raw Material Supplies

*Mr. Summers* (Aylesbury): I do not think I need spend much time emphasising the vital importance of the subject to which I wish to draw the attention of the House this morning, namely the supply of raw materials. Suffice it to say that upon adequate supplies of raw materials depends the whole of our rearmament programme, and, probably, our foreign policy, and, through both, the preservation of peace.

... Taking, first, the present position, notably as it applies to metal, a good deal of information was given by the Minister of Supply in reply to a question on 7th December. In that reply, he told us that, as far as zinc was concerned, in the first quarter of next year the supply was not likely to be more than 50 per cent. of the quantity of zinc used on the average in the first nine months of 1950. To reinforce the concern with which this situation is regarded, I should like to quote a brief extract from a letter I have received from a manufacturer who is prominent in this business. He says:

"My principals, the most efficient zinc oxide manufacturers in the country, have notified me that they must close their works next week as they have no more zinc left. I am the largest supplier to the drug and chemical industry, and surgical dressing manufacturers and allied trades, and it means that ere long these industries will be without zinc oxide, for which there is no substitute."

I turn now to copper, and in that commodity, early next year, a cut of no less than 10 per cent. is expected, quite apart from the very serious situation which is arising in the special shapes which apply particularly to certain industries. In aluminium, there will be a cut of 12½ per cent. next year, and we are told that there is no prospect of any increase in the supply of nickel.

Turning to the raw materials that affect steel, there is at present considerable concern, to put it no higher, over the situation in Europe in this respect, as compared to the conditions prevailing before the war. Nowadays, the United States are taking three times the quantity of iron ore from Europe which they did before the war, and, whereas they were normal exporters of scrap to Europe, they are now importers of scrap from Europe, and this change in the situation is undoubtedly causing a great increase in the pressure for the supply of the limited raw materials available in Europe for that purpose.

Probably even more serious than that is the doubt cast on the supply of coke during the next year. In the debate the other day, we heard a good deal about the coal situation, and I hope hon. Members will appreciate that it is on the coal trade that steel production depends, in so far as coke is an indispensable factor in maintaining the production of that industry. As a result of the emergency arrangements which necessarily have had to be made regarding coal, there has been greatly increased pressure on shipping, which affects the situation, not only as regards tonnage, but in the drastic effect which it has on the freight rates that are prevailing.

Turning now to the question of chemicals, the position in regard to sulphur is extremely serious indeed. We are told that next year there may be a cut of anything from 30 per cent. to 50 per cent. in the supplies likely to be

available.

... There are other materials less well known, which also give rise to concern—molybdenum, cobalt, tungsten and columbium—and in the chemical industries there is a series of key products the names of which I find the utmost difficulty in pronouncing—and which I have no intention of trying to pronounce this morning. There are hon. Members whom, I know, are very knowledgeable on that side of the subject and I hope they may have a chance to inform the House of the very serious situation in a number of these key products, the quantity of which may not be very large but which are quite indispensable to many of the important aspects of our rearmament programme. . . . Let no one imagine that this situation has arisen quite unexpectedly and that no warnings were given from this side of the House of what might be expected. We had a debate on defence on 26th July, and I think it is relevant to quote an extract from the speech of my hon. Friend the Member for Bury and Radcliffe (Mr. W. Fletcher) who spoke on that occasion. . . . After reviewing the situation as he saw it in respect of raw materials, he said:

"I am forced to the conclusion that our position today is incomparably worse than that in 1939. We are consuming almost double the rate of raw materials—not quite so much in food—that we did in 1939, and yet our stocks of at least a considerable number of these raw materials are not equal to those of 1939."

He went on to say later:

"I want to be reassured that some plan is being worked out so that we can obtain and deny to others, if that can be done without going too far with sanctions, those materials without which in war-time armies sooner or later come to a stop."—[OFFICIAL REPORT, 26th July, 1950; Vol. 478, c. 608 and 609.]

That was in July.

I want to read to the House the corresponding opinion expressed by the Prime Minister on 12th September—the occasion when the House was given the details of the large rearmament programme which had recently been announced to the country. This is what he said:

"As to raw materials, it is not considered that there should be any serious shortages, but I would make a special appeal to all concerned in industry not"—

I should like to emphasise the word "not"—

"to increase their stocks beyond their actual needs."—[OFFICIAL REPORT, 12th September, 1950; Vol. 478, c. 968.]

On the following day the Chancellor said very much the same thing.

Was ever facile optimism more misplaced? In the face of the position which I described earlier, how can anyone have any confidence in those who are responsible for our affairs, if within three months the forecast of our difficulties is so completely nullified by the events with which we are all familiar at the present time? Not only did they then announce that they did not themselves intend to do anything about the future of raw materials, but they said it would be wrong if anyone else attempted to do so instead. . . .

Mr. Martin Lindsay (Solihull): . . . Zinc and zinc base alloys, copper, non-ferrous metals generally, brass, aluminium and aluminium alloys, nickel and steel are all scarce and getting scarcer. We also seem rapidly to be reaching the position that, if we had all the metals we require, we should not have the coke necessary to melt them. When we consider the optimistic statements made about coal production, at any rate until quite recently, we can only conclude that industry has been scandalously let down by the Government. The situation today is extremely grave

for engineering trades, brass founders, electro-platers, the cycle industry and a whole host of other trades.

... I would remind the Parliamentary Secretary that it is now more than 15 months since the Non-Ferrous Metal Federation warned the Ministry of Supply that the country's stocks of zinc were dangerously low, to which the Ministry replied that they did not think so, and that in any case they thought prices would fall and they were holding their hand in order to take advantage of that situation. This view was not shared by the trade, and, as things have worked out, the trade has been proved right. Whatever we think about bulk buying, we are surely in agreement that it is its function to ensure the maintenance of supplies and not, as the Non-Ferrous Metal Control of the Ministry of Supply apparently thinks, to play the market. If the purpose is to play the market, surely it would be much better done at the Metal Exchanges, where people who are clever at this sort of thing can handle these matters better than people with less knowledge in the Ministry.

The consequence of this mishandling, coupled with American stock-piling, is that the country is short of supplies of zinc. . . .

Mr. Fort (Clitheroe): . . . Before the war, about 40 per cent. of all the raw cotton consumed in Lancashire came from the United States. Today, the percentage is still considerable—well over 20 per cent.

The present shortage is, perhaps, in part due to American stock-piling, although that is certainly not the major factor. The shortage has been caused without any doubt by some very curious planning—or, as I think the Americans prefer to call it, programming—by the United States Department of Agriculture, who in the last growing season persuaded the farmers to reduce the cotton area in the cotton States by about 60 per cent. because of the heavy carry-over of raw cotton from the previous season. Like other planners, however, they did not forecast the future, including the extraordinary marked rise in American raw cotton consumption, nor did they foretell—they cannot be blamed for this—the Korean war, which has unquestionably added greatly to the difficulties.

In consequence of the small American crop, the United States Government have cut the total export allocations. The President of the Board of Trade gave information about this yesterday and he reminded the House that not only has the total American export allocation been cut, but, what is so particularly severe on this country—one might say, almost insulting—is that our share of the total allocation is very much lower than that of our former enemies—Japan, Western Germany and Italy.

... I hope we shall not hear too much in the reply about the way that the Raw Cotton Commission are supplying Lancashire with substitute growths for the American raw cotton. All substitutes are unsatisfactory, some rather less unsatisfactory than others, but unfortunately the crops of the two more satisfactory substitutes—the Nigerian and Uganda growths—are limited and will not make up the difference in the short-fall, and neither will that of Brazil, which also has had a crop failure this past season.

The most acceptable of all the substitutes perhaps, are the synthetic fibres, particularly of rayons—viscose and acetate rayon—but here the Government have been indulging in some very curious actions. They have allowed exports

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Saturday, February 3, 1951.

### From Week to Week

Tactics, in "peace" or war, is not our province, and we can express no opinion on whether General Fuller is right in saying that because the ultimate and the immediate aims of Russia are being pursued in the psychological and military fields the solution must include both, or even whether the Marshall Plan is reducing the "breeding grounds of the Soviet bacillus" (we haven't noticed it, and we do not think that *Gott mit Uns* ever received any accession of strength from questionable sources); but we think that in saying that the Communist Manifesto must be challenged by a Western Charter, in order to show the world at large that we have as staunch a faith in their creed as the Communists have in theirs, and to an even greater extent in saying that "once it is published, its principles be lived up to by the Western nations . . ." he has put his finger on the spot—always assuming that the principles of the Western nations are not the "pirate capitalism" of Lenin's phrase.

General Fuller might say that economics is not his province, as tactics is not ours; but since everybody else is assuming that "the principles of the Western nations" are well known to all and that they are represented in practice by the "great democracies" we think he might not. His latest pamphlet, *How to defeat Russia*, opens a discussion long overdue, and we report *his* summary of the demands of this policy:—

"(1) That all Russian activities within the Western nations be suppressed; we are at war, and peace time liberties are out of place. (2) That the Communist Manifesto be challenged by a Western Charter, setting forth what Western nations believe in and what they intend to fight for. (3) That once it is published, its principles be lived up to by the Western nations, in order to show the world at large that they have as staunch a faith in their creed as the Communists have in theirs. (4) That a central organ of information and propaganda be created, the object of which is to eradicate the *Russian cult* [our emphasis] wherever it is found, and to keep alive the Western spirit in all countries occupied by Russia. (5) That Resistance Movements within the occupied countries and Russia be stimulated by every means possible. (6) That out of these Movements, secret, potential guerrilla forces be organised, which in the event of war will play havoc with the Russian communications and rear services. Be it remembered that it was the action of the Russian guerrillas, almost as much so as of the Russian army, which brought Hitler's invasion of Russia to ruin."

General Fuller concludes:—

"During the last five years they have witnessed a phenomenon unprecedented in history: the rise of the Soviet

Ideological Empire, which in extent exceeds the Empire of Genghis Khan. Like the great Tartar's this vast heterogeneous Empire is held together by terror, and therefore is fragile in the extreme. All that is needed in its overthrow is the determination to overthrow it. Given the will to survive, all else logically follows; for the intellectual, industrial and moral resources of the West are so vastly superior to those of Russia, that with will behind them victory is certain."

As in so many other matters:

"Knowledge we ask not—knowledge Thou has lent,

"But, Lord, THE WILL—there lies our bitter need,

" . . . "

The response of the Vatican (if it is the Vatican) to "comment abroad" comes promptly after the decree of the Holy Office forbidding priests to belong to Rotary clubs and advising laymen to abstain from membership had drawn the fire of a body of opinion never inactive.

The *Osservatore Romano*, no longer easily obtainable in the English Provinces, has not been compared with the account given by *The Times* of its comment (printed on another page). At one newsagent's specialising in foreign newspapers, there had been "many enquiries" for the issue of January 26. So things may be moving up as well as down the slippery slope. Has someone in Dublin a copy of the *Osservatore* for the date we have given?

### The Vatican and Rotary

*The Times* last Saturday published the following from its Rome correspondent, dated Rome, January 26:—

"An unsigned but obviously authoritative article published in this afternoon's *Osservatore Romano* interprets in some detail the recent decree of the Holy Office forbidding priests to belong to Rotary clubs and advising laymen to abstain from membership.

"The decree evoked much comment abroad, and, it may be suspected, some embarrassment in the Vatican; and the *Osservatore Romano's* explanation does much to temper the harshness which the decree bore at first sight.

"The article first points out that, while priests must not attend Rotary business meetings, this ban does not extend to meetings that are open to strangers and whose purpose is one compatible with priestly activity, such as a charity scheme. As for laymen, the advice to them is based upon an article of the code of canon law which speaks of 'secret, condemned, suspicious, or suspect' societies. The *Osservatore Romano* emphasizes that only the characteristic 'suspect' can in the Catholic view apply to Rotary; and the Holy Office's attitude is justified, in a general sense, by the 'lay and non-religious spirit' of Rotary.

"Although in some nations the article concludes, masonic and anti-clerical elements have crept into Rotary, this is not true everywhere. It is the responsibility, therefore, of bishops to decide whether, in their own diocese, Rotary can be considered a 'suspect' organization. Where the answer is 'Yes' they should exhort Roman Catholics not to join, and where it is 'No' they can refrain from such exhortation. This explains how, while the episcopates in Spain, Holland, and certain South American countries issue stern anti-Rotary instructions, in other nations the membership of Roman Catholics to Rotary is tolerated."

## The Pope Distorted

By H. SWABEY.

The Roman Catholic Church is bearing the brunt of a savage persecution at the hands of "communists," or whoever the East European thieves really are. But the enemy within is even more dangerous.

Some leaflets have been appearing monthly, under the editorship of the Abbé R. Kothen, of Sosoye-Maredret. A stiff folder keeps the leaflets together, and they are called *Fiches Documentaires*.<sup>\*</sup> Inside the folder, No. 69, is this announcement: "Just Out. Twentieth Annual Report of the Bank of International Settlements, Basle. (1 April 1949—31 March, 1950). This is a quarto volume of 350 pages, which gives in synthetic form the economic and financial position of various states." Possibly the editor is responsible for accepting this advertisement, or perhaps it is the manager, E. Warny of Louvain. The whole is in French.

The first, and longest, of the pamphlets gives an annotated edition of the "Speech of His Holiness Pius XII to the International Congress of Social Studies (3 June, 1950)." The significant point about this edition is that the words of His Holiness are introduced, one short paragraph at a time, by an anonymous commentator, and notes are supplied as well. The Pope's text is taken from the French text of the *Osservatore Romano*. None of the other documents in this folder of *Fiches Documentaires* is interspersed or annotated in this way, and the font of type allotted to the commentator is heavier than that allotted to His Holiness. There is no indication as to the authorship of the notes and comments: I should say that they are probably not by the Abbé R. Kothen, although editorship is claimed by him.

This ingenious arrangement enables the commentator to *condition* the words of the Pope's speech, for he can always get in first. The notewriter follows afterwards. "The world is lashed with flails today," says the commentator, "and notably with unemployment" (*chômage*). In this case a long footnote should be read before the Pope has had a chance to mention "the vast multitude of unfortunate people starved or threatened with starvation by unemployment." The footnote refers to the "six hundred thousand Arabs who have had to leave Palestine and are without work." It gives no reason for this merciless expatriation, but lists among the causes of unemployment: "lack of markets and over-production; technical improvements that have eliminated manual work." There is no mention of the vital cause, lack of purchasing power.

The commentator says that we must create "a new order," and—after what reads more like the Pope's comment on his note—he goes on, "All must unanimously collaborate effectively to arrange a vast plan of work." The Pope merely speaks of "common effort," and I should not imagine that His Holiness would be pleased to have this interpreted as a sort of unlimited five year plan. Another perversion of meaning occurs when the commentator uses the term "marxist," while His Holiness stigmatises "a socialist mentality."

"Unemployment," the commentator says, "seems to have taken root in industrial countries as a permanent evil." The Pope calls it a nightmare. An interesting dialogue follows:

*Commentator:* We must condemn systems that produce without limit and that exhaust natural resources.

*His Holiness:* We have overdone the experiment of mass production and of exploiting to exhaustion all the resources of soil and subsoil.

There is all the difference between the production "without limit" of the commentator, and the "mass production" of His Holiness. The spectre of abundance haunts the commentator more than the nightmare mentioned by the Pope, and the commentator appears to attribute to His Holiness the implication that too much production—the commentator makes no effort to relate production to the needs of consumption—endangers "natural resources." It has never been shewn that adequate production involves such a danger.

COMMENTATOR: We must, further, respect the requirements of rural economy.

HIS HOLINESS: Above all, the peasant population and economy have been too harshly sacrificed to these experiments . . . equally blind is the semi-superstitious faith in the mechanism of the world market to stabilise economy.

COMMENTATOR: The real problem of the day is that of an intelligent world-wide organisation of economy, both of production and of consumption.

HIS HOLINESS: We have a pressing task to relate production to consumption, wisely adjusted to the needs of the dignity of man. We must not look for the solution in the theory . . . of the "laws of the market," nor in the equally artificial formalism of "full employment."

The commentator is evidently taking this excellent opportunity of advancing the theories of the nefarious Bank of International Settlements, and does not scruple to distort the phrases of His Holiness, so that the reader is bewildered as to what the teaching of the pamphlet really is. The impression left is that the commentator's words carry more weight than those of the Pope. The lazy reader, conditioned by the technique of headlines and heavy type, would naturally read it that way. Such a scandal calls for the intervention of ecclesiastical authority in the diocese concerned, and failing that, the matter should be referred to higher authorities. The Belgians are entitled to ask what the power is that is allowed to stand between them and their Pope, as it previously stood between them and their King.

### "The Poor are Poor because the Rich are Rich"

"If in 1948-49 all incomes had been taxed so as to leave nobody more than £2,000, it would have provided the equivalent of 6d. a week per head of the population."— Mr. Hugh Gaitskell, at Leicester, January 22, 1951.

#### SOCIAL CREDIT LIBRARY

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### Ten Years Ago

"Marshal Pétain is anti-Masonic and anti-Jew, and Laval is a Mason and looks like a Jew. Hitler is said to be desirous of putting out Pétain, and putting in Laval. Slightly odd for an anti-Semite?"

"Have you noticed that the Riom Trials of the Grande Orient Freemasons either have not taken place, or have not been reported?"—*The Social Crediter*, February 1, 1941.

#### PARLIAMENT.

(Continued from page 3).

of rayon staple to the Continent, for which we were getting 18d. per lb. They allowed imports of Norwegian staple, for which we paid 22d. per lb., plus 9d. per lb. Excise Duty, or a total of 31d. per lb. This seems a queer way of doing business. More recently, the Norwegians have found themselves sold out owing to the hesitations which the Government have caused in allowing people to place contracts for further Norwegian supplies, and at the same time the price of our own exports has risen only to 23d. per lb. The Government should stop this folly of allowing substantial exports of rayon staple and of allowing back into this country, if they are procurable, imports at a much higher price of staple of similar or identical quality, and certainly a quality which could be used as a reasonable substitute, at least in part, for the raw cotton which we cannot get from America. . . .

### Telephone Service Subscribers' Addresses

*Mr. Llewellyn* asked the Postmaster-General why, under what circumstances, and by whose authority, the Post Office sends letters to subscribers asking them to reveal in confidence the addresses of those whom the Post Office wishes to contact; and whether he will stop this practice forthwith.

*Mr. Ness Edwards*: When a telephone subscriber owing an account has removed, other subscribers with whom he has had substantial telephone contact may be approached for assistance in ascertaining his new address if other methods have failed. The precise reason for the approach should not be given, and I see no reason to stop the procedure.

House of Commons, January 23, 1951.

### Purchase Tax

*Squadron Leader Burden* asked the Chancellor of the Exchequer if, in view of the recent 20 per cent. increase in the wholesale price index and the pegging of retail cash margins, he will review Purchase Tax rates so as to insulate the cost of living against increased Purchase Tax due to rises in commodity prices.

*Mr. Gaitskell*: I cannot anticipate my Budget statement.

*Squadron Leader Burden*: Will the right hon. Gentleman do his best to see what can be done about this in the forthcoming Budget, because if it is possible to peg cash margins it should be possible to peg Purchase Tax and assist in keeping down the cost of living?

*Mr. Gaitskell*: The hon. and gallant Member can be assured that we shall take everything into account.

### Savings

*Mr. Norman Smith* asked the Chancellor of the Exchequer whether he is aware that rising prices harm the

National Savings Campaign by deterring potential subscribers; and whether he will, accordingly, float a loan with interest payments and eventual redemption based on a cost-of-living sliding scale.

*Mr. Gaitskell*: No, Sir.

*Mr. Smith*: Is the House to infer from that negative answer that, in my right hon. Friend's opinion, it is beyond the wit of man to devise a financial system that shall not be fraudulent?

*Mr. Gaitskell*: I certainly would not wish to give any such impression to my hon. Friend, whose experience in this matter and devotion to this subject are well known to all of us.

*Mr. Smith*: Does my right hon. Friend not understand that there is a reluctance on the part of savers to part with their money, although they would wish to do so, when they know perfectly well that their money will decline in value, whichever party is in power, unless there is an alteration in the financial system?

*Mr. Gaitskell*: I am a little surprised that my hon. Friend, whose reputation for inflationary policies is so well known to us, should be so bold in speaking about the danger of rising prices.

### Income Tax

*Sir H. Williams* asked the Chancellor of the Exchequer what is the Income Tax per head of the population collected in the latest year for which the statistics are available in England, Wales and Scotland, respectively.

*Mr. Gaitskell*: In 1949-50, the Income Tax collected in England and Wales per head of population was £30, and in Scotland £20. Separate figures for Wales are not available. These figures are not necessarily an indication of the Income Tax contributed by England and Wales, and by Scotland respectively, since the income of a person resident in Scotland may be charged to tax under an assessment in England or Wales, or *vice versa*.

### Pound Sterling (Purchasing Power)

*Wing Commander Bullus* asked the Chancellor of the Exchequer what is the purchasing power of the pound sterling at the latest available date, as compared with the pound sterling in July, 1945.

*Mr. Gaitskell*: About 15s. 10d., as compared with 20s. in 1945.

*Wing Commander Bullus*: When does the right hon. Gentleman expect to arrest this most depressing trend?

*Mr. Gaitskell*: I would hesitate to say when I could arrest it, but I am trying to do it as best I can, particularly through these international organisations which deal with the prices of raw materials.

*Mr. Osborne*: On what date was that figure calculated?

*Mr. Gaitskell*: I think it was August, 1950.

*Mr. Osborne*: The position has deteriorated, then, very largely since that time.

### Sterling Balances

*Colonel Crosthwaite-Eyre* asked the Chancellor of the Exchequer if he is aware that the additional £300,000,000 of exports for which he has asked in 1951, could be largely met by stopping unrequited exports; and if, therefore, he will

now institute negotiations with all holders of sterling balances for their adjustment.

Mr. Gaitskell: No.

**Purchase Tax**

Mr. Redmayne asked the Chancellor of the Exchequer (1) the amounts collected in Purchase Tax by each of the first, second and third rates during the first half of this fiscal year; and the amounts for the corresponding period of the previous year;

(2) the amounts collected in Purchase Tax by each of the first, second and third rates in the fiscal years 1945-46, 1946-47, 1947-48, 1948-49 and 1949-50.

Mr. Gaitskell: Since traders are not required to furnish separate particulars of Purchase Tax collected at the various rates, the exact amounts attributable to each rate are not known, but the estimated amounts are shown in the table below. It should be borne in mind that comparison of amounts of tax received at the various rates in different periods is vitiated by changes which have been made from time to time, both in the rates of tax and in the schedules of chargeable goods.

Financial Year	Rates of Purchase Tax	Estimated yield at each rate	Remarks
	Per cent.	£m.	
1945-6 ...	16 2/3 33 1/3 100	28 62 28	The Finance (No. 2) Act, 1945, made certain changes in the Schedules of taxable goods.
1946-47 ...	16 2/3 33 1/3 100	34 108 39	The Finance Act, 1946, made certain changes in the Schedules of taxable goods.
1947-48 ...	16 2/3 33 1/3 50 66 2/3 and 75 100 125	35 130 27 5 39 10	The Finance Acts of 1947 introduced new rates of Purchase Tax and also made certain changes in the Schedules of taxable goods.
1948-49 ...	33 1/3 50 66 2/3 and 75 100 125	164 41 43 31 12	The Finance Act of 1948 revised the Schedules of taxable goods and reduced the number of rates of tax to three. Receipts in the first quarter of the financial year were still accruing at the rates in force in the previous financial year
1949-50 ...	33 1/3 66 2/3 100	204 46 42	The Finance Act, 1949, made no changes in Purchase Tax.
which includes for the first six months:	33 1/3 66 2/3 100	93 21 17	
1950-51 (first six months)	33 1/3 66 2/3 100	98 21 18	The Finance Act, 1950, reduced from 66 2/3 per cent. to 33 1/3 per cent. the rate of tax on motor cars with a retail value exceeding £1,280.

Mr. De la Bère asked the Chancellor of the Exchequer

whether he will now consider remitting the Purchase Tax on radio batteries for old age pensioners over 70 years of age.

Mr. Gaitskell: I have considered this proposal with sympathy, but regret that I cannot adopt it.

**Inquiry, Pembrokeshire**

Mr. Llewellyn asked the Minister of Education what precedents there are in England and Wales for a demand by a local authority for an inquiry such as that demanded by the Pembrokeshire local authority into the proposed building of a Roman Catholic school at Pembroke Dock; and on what grounds he has decided to hold a public inquiry in this instance.

Mr. Tomlinson: No such demand was made by the Pembrokeshire local authority. Under Section 93 of the Education Act, 1944, which continues the powers formerly given under Section 156 of the Education Act, 1921, I have power to cause a local inquiry to be held for the purpose of the exercise of any of my functions under this Act. In this case I considered that an inquiry would help me to decide whether the proposed school is necessary or not. This is the first inquiry of this particular kind to be held under the 1944 Act, but similar inquiries were not infrequently held under Section 156 of the 1921 Act.

**Potatoes (Chemical Treatment)**

Mr. Gerald Williams asked the Minister of Agriculture what regulations are in force concerning the compulsory notification on potatoes that have been treated with chemicals during storage.

Mr. T. Williams: None; but the growers of potatoes offered to the Ministry of Food for purchase at the guaranteed price are asked to inform that Department whether the the potatoes have been so treated.

**THE LEVELS OF HISTORY.** (Continued from page 2)

Djavid (David) and others—was “a movement of professional revolutionaries, the first of its kind.” If this is not strictly correct, Mr. Jerrold is certainly right in marking the the failure of “democracy” to understand this and subsequent upheavals.

The German and Austrian peace feelers put out in 1916 and 1917 are noteworthy. But “Mr. Lloyd George declared for the ‘knock-out blow’; 1917 saw the last hope fade of peace within that framework of that world order which we had gone to war in 1914 to preserve, not to destroy.” 1917 was to see the intervention of U.S.A. and the Balfour Declaration about Palestine.

Mr. Jerrold can, however, mention “impoverishment” of the world and “overproduction” in the same chapter, without drawing the obvious conclusion. He gives a catalogue of mistakes made in the inter-war period: “the form and nature of our pledge to Poland were alike ill calculated to save Poland,” for instance, and has some severe implications against Nuremburg, ‘unconditional surrender’ and Yalta. His summary of Mr. Attlee’s post-war panacea as “Divide and quit” is perfectly apt.

It is useful, too, to have details of the deliberate plan to lower educational standards, to retard the more intelligent pupils, and to destroy the *jus naturae*, natural rights. He is clear that it is done in the interests of the monopoly of power. He cites Marsilius of Padua who said in the early fourteenth century that power was by its nature indivisible, but does not

at that point draw the inference that a division of powers is essential. His chapter on "1950: England under Socialism" is well done. But the type of the new ruling class was foretold very clearly by Major Douglas thirty years and more ago.

Nevertheless, Mr. Jerrold's sincere affection for England, his dislike of the bureaucratic impasse to which she is being reduced, and his avoidance of a sectarian bias in religious matters—he is really very kind to the Establishment—give lustre to his work. It is in the hope that he may write still better history and be still more effective in restoring England to her rightful position (she is being used as a sort of cess pool at the moment) that I have written this note.

H. SWABEY.

### Taxation and Prices in the U.S.S.R.

The Department of Economics and Institutions of the U.S.S.R. of the Faculty of Commerce and Social Science in the University of Birmingham publishes a series of "Bulletins on Soviet Economic Development" based on investigation of the available literature, official publications and press of the U.S.S.R.

An article in *Nature* for January 13, 1951, reviews Bulletin No. 3, in which Dr. Alexander Baykov, the head of the Department, and Mr. G. R. Barker, examine the Soviet financial system.

They point out that whereas expenditure on social and cultural needs—education, health and social welfare—is in the main decentralised (though more than half of this expenditure is provided from the revenue of the Union and Republic budgets) expenditure in financing economic development is centralised, being effected mainly through the Union budget.

The revenue of the State Budget comes partly from the socialised sector of the national economy mainly by means of the turnover tax and deductions from the profits of enterprises, and partly direct from the population through subscriptions to State loans, and taxes and levies.

The turnover tax is the biggest source of revenue, and it is also an important instrument in regulating prices and controlling the financial activities of enterprises. It is calculated as a percentage of the wholesale transfer price of producer's goods, or, as with agricultural produce, as a fixed monetary rate on the quantity of the product sold by the wholesale trade. An audit of the returns provides a check on the whole financial position of the enterprise and the degree in which it has fulfilled its production plan. The rate of the tax, which varies from a nominal 0.5 *per cent.* to more than 80 *per cent.*, is used for regulating prices and the profit of the enterprise. In an article in Bulletin 4, entitled "The Function and Formation of Commodity Prices in the U.S.S.R.," Mr. H. H. Ware points out that by means of the planned application of the turnover tax the retail prices of different consumer goods are adjusted to their existing and future planned supplies, relative to the market pressures of consumer demand. There is no free consumer choice since only those known consumer desires which meet with official approval are incorporated into production plans; and there is no price competition among shops. (Price competition only takes place in the 'free markets' of the collective-farm peasants, which transact about one-fifth of the rouble volume of all Soviet trade). But consumer choice exerts some pressure on retailers, wholesalers, planners and producers, in that, if the consumer refuses to buy the commodities at the price offered, the plans go unfulfilled. Planned retail prices would be 'too high' relative to demand and supply if the goods

failed to sell according to plan, and 'too low' if they sold out so rapidly that they could not be kept in retail stock. The turnover tax is used to adjust the rate of sale accordingly.

The tax on profits is paid from the actual profits, whether or not the planned requirements are fulfilled; so that over-fulfilment of the plan increases, whereas under-fulfilment reduces the amount available for capital investment, working capital and for bonuses to managerial staff and outstanding workers as well as for expenditure on housing and welfare.

Subscriptions to State loans are the biggest item of revenue coming direct from the public. These are used as long-term credits for the development of the national economy.

Rural workers pay taxes in kind as well as in money, by compulsory deliveries of definite amounts of agricultural produce to the State at fixed prices below the market price. Income tax and cultural and housing welfare contributions are progressive and also vary according to the source of the taxpayer's income, being higher on professional men, individual craftsmen and others engaged in private activities than on those employed by State or co-operative enterprises.

During the Second World War, owing to enemy occupation of important agricultural and industrial territories, the income of the State budget was heavily reduced while expenditure was greatly increased. Despite all expedients, not enough revenue was raised to compensate for the heavy fall in the proceeds of the turnover tax and deductions from profits, and budget deficits occurred from 1941 until 1943. These were covered by inflationary issues of money. After the war the pressure of direct taxation was reduced and the turnover tax resumed its function as the main source of revenue, and a most powerful instrument of policy.

Our own Crippsian fiscal impedimenta are astonishingly similar: purchase tax, whisky tax, excess profits tax, income tax, surtax and all. The difference between the two systems perhaps consists in nothing more than the feeling not extinguished in England that discriminatory taxation is really not quite respectable. But that safeguard is being undermined. It was first corroded by Sir Stafford Cripps's high moral tone operating through the purchase tax. The Chancellor of the Exchequer now openly aims his fiscal machine against men of whom the Labour Party disapproves.

Apart from the effect on prices of the purchase tax, the closest parallel to the Communist method of price-manipulation was the surcharge imposed by the electricity monopoly in the winter of 1949, for no other reason than to stop people using current. In many cases it amounted to an arbitrary levy after the event, as many people were not told that it was to be imposed, nor of its "purpose." It had nothing whatever to do with the cost of current, but was simply an attempt to implement the policy of the planners, using the price-system as a means.

This practice of tying the price of goods to the policy of administrators rather than to the cost in realistic terms, is ominous.

The potential capacity of money to decentralise and, in a true sense, democratise the control of economic policy (and the direction of civilisation) depended upon its approximation to the true physical cost of the goods and services it represented. Of course this was never close and it remained for Major Douglas to show how in a free society a close approximation could be effected.

E.S.D.