

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

Vol. 25. No. 7.

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

SATURDAY, OCTOBER 14, 1950.

6d. Weekly.

"Full Employment" V.

By JAMES GUTHRIE.

Although technological improvements applied to production has undoubtedly reduced the amount of labour required in many processes, there has not been any corresponding reduction in prices. This means that the number of hours of labour which a person has to give to acquire essential goods and services has changed but little in the past 100 years. In other words the great organisations which modern man has built have singularly failed to produce dividends commensurate with the dazzling brilliance and complexity of the resources available.

Surely any intelligent man is forced to wonder why he obtains so little assistance in his own life from the physical triumphs of the inventor, the technician and the producer. The military forces are provided with every known weapon of defence, but security from attack becomes more remote after each brilliant "victory."

The financial system has been "strengthened" by central banks; a world bank; the removal of competition, greater knowledge of "trade cycles" and credit instruments, etc., etc., yet men who leave money in the great banking institutions see, to their consternation, their money depreciating in value each year.

But it is the inability of modern organisations to reduce or even to hold prices, or give any kind of relief to the overtaxed householder that, more than anything else, has induced the cynical outlook on what is known as "Progress," an outlook which appears to be growing with great rapidity.

Major Douglas' contribution to inflated prices is to deflate the unreal part of price by supplying the people with the difference between the inflated price and what he calls the Just Price. It is a matter of accountancy, the Just Price being obtained by a reduction of price by means of subsidies financed by new credits issued by the banking system.

If the Just Price is based on realities and if there is a large and increasing discrepancy between the Just Price and the accountants' price, then there must be some fundamental reason underlying it. Douglas gives the reason as follows: *The Cost of Production is Consumption.*

Since a large part of current prices represents a part of the cost of capital structures built sometime in the past, it becomes very important to understand exactly what were the real costs of building these structures, and how they were financed. Let us imagine, then, the process involved in building a ship; let us imagine that a small community appointed a committee who came to the following decisions:—

- (1) That a hundred men were to be imported to build a ship;
- (2) That during the three years of building the hun-

dred men were billeted on the community and shared with residents the food, clothes and shelter available;

- (3) as there was no money in the community, no money payments were made.

After three years the builders departed, leaving an asset in the form of a ship. There was no debt attached to the ship; the cost of the ship was paid for by the community, which fed, clothed and housed the shipbuilders.

Supposing now that money was used in the community, and that the community appointed a financial agent to create new credits to pay the shipbuilders' wages. This additional money goes into circulation in the community to buy goods and services, but the release of this extra money has not released, concurrently, extra goods and services for sale. The issue of this new money, as in the case of all money issued for capital construction, is pure inflation, and although the banks create the new credits (every loan creates a deposit) at no cost to themselves, it is the community which supplies the workers with food and clothes.

After three years, when the structure is completed, most of the workers' wages, now representing a major part of the capital costs of a new industrial unit, have been spent, and does not exist anywhere. That small portion of wages which has been saved and reinvested goes to create new costs and therefore new debts. This means that the public will not have sufficient money to pay that cost of the services of the new unit which is represented by capital costs; if they do pay, they must use money issued by other organisations in the form of wages, salaries and dividends, and one debt is then liquidated at the expense of another.

It should be noted that the community paid for the capital cost of the new structure when they fed and clothed the workers who built it; during this process the community was paid in inflated currency, i.e., collectively, they were not paid at all; i.e., they were not enriched by any goods and services, unless they collectively owned the ship debt free.

If the community pays the capital charges of the ship through fares, i.e., through prices, then they pay twice for the cost of the ship.

This, then, is the basic reason why the community cannot buy back the goods and services which it collectively produces. This explains the need for hire-purchase on a big scale. This explains why our debts are continuously increasing and our money values decreasing.

Our money would have dropped very much more in value had the increase in prices not been retarded by technological improvements in industry. Those in control of financial policy know very well that credits issued for capital construction are inflationary; they know very well that the people are being charged twice for the same service; they know that war alone can "save the system from spon-

taneous combustion."—*War, therefore, is essential for the preservation of the present financial system.*

War is the policy of "Full Employment" stripped of all pretensions.

War is "Full Employment" without the trouble with purchasing power and prices.

War removes all problems concerning the distribution of goods; it just destroys them.

War, by destruction, ensures "Full Employment" to whole populations, repairing the damage, until the next war.

It should be noticed that during the last war, when America was exporting vast quantities of food and munitions, for which she received no payment, and when she had millions of her young men in uniform (living on the community) her standard of living went up about 70 per cent.

The question arises: "Why a similar increase, or a very much greater increase in not possible in peace time?"

There is no surer indication of a corrupt and dishonest government than a currency with a disappearing value.... A government which induces people to put money into loans the value of which is depreciating at a rate of over 10 per cent. per annum, is committing a fraud, and doing so mostly on ignorant people; and the fact that we have no public men to warn the people of this fraud is a commentary on our public men; it shows that the people have no friends in high places; that they have been separated, by the organs of publicity, from their natural leaders.

It should be pretty obvious by now that the act of changing the Prime Minister of Australia is not going to reduce taxation; is not going to put shillings back in the £; is not going to reduce the bureaucracy. In other words, Mr. Menzies cannot change the official policy behind the governments of this country: the official policy is "socialism," which means MONOPOLY—monopoly of power in all its phases: political, financial and military.

(Concluded).

Social Credit Library.

The following addition to the Library have recently been made:—

- E 19 An Introduction to Social Credit.
—Bryan W. Monohan.
- A 99 Human Ecology—Thomas Robertson.
- A 100 Odium v Stratton (Verbatim Report of Proceedings).
- A 101 Report of the Royal Commission on Soviet Espionage.
- A 102 Religion and the Rise of Western Culture
—Christopher Dawson.
- A 103 Magna Carta—Faith Thompson.
- A 104 Legislation of Edward I.—T. F. T. Pluckett.
- C 64 A General View of the History and Objects of the Bank of England—John McCay.
- C 65 The Decline of Merry England—Storm Jameson.
- F 16 The Brothers—Fyodor Dostoersky.
- F 17 Nineteen Eighty-Four—George Orwell.
- F 18 Somewhere South of Suez—Douglas Reed.
- P 90 My Reply—Rt. Hon. John Wheatley, K.C., M.P.
- P 91 The Realistic Position of the Church of England
—C. H. Douglas.
- P 92 The Republican Victory in the U.S.A.
—C. H. Douglas.
- P 93 The Financier-Socialist Plotters—Know Your Enemy.

PARLIAMENT

House of Commons, September 18, 1950.

Russian Crabmeat

Mr. H. L. D'A. Hopkinson asked the Minister of Food what losses were incurred by his Department on the shipment of Russian crabmeat from the United Kingdom to the United States of America, which American dockers recently refused to unload from the s.s. "Parthia."

Mr. Webb: I cannot say what the profit or loss will be until the goods are sold.

Mr. Hopkinson asked the Minister of Food the total value of the Russian crabmeat shipped by his Department from the United Kingdom to the United States of America during the current year.

Mr. Webb: Just over £400,000.

Mr. Hopkinson: Can the Minister say how he reconciles this transaction, which according to American papers, amounts to far more than that sum, with the Prime Minister's recent declaration that the machinery going to Russia was being used for the import into this country of valuable feedingstuffs and timber, whereas in point of fact it seems to be used for the shipment to America of crabmeat which is not wanted, and on which we shall have a loss?

Mr. Webb: The larger part of this trade took place a long time ago—long before the considerations the hon. Gentleman has in mind arose.

Mr. Hopkinson: Is it not a fact that there have been three shipments of crabmeat to the United States in the last three or four weeks?

Sir John Mellor asked the Minister of Food how much crabmeat has been purchased by his Department from the Union of the Soviet Socialist Republics during the past two years; and to whom has it been sold.

Mr. Webb: Two thousand four hundred and seventy tons. Some has been sold in this country and some has been re-exported, mainly to America.

Sir John Mellor: Why does the Minister deal in Russian crabmeat?

Mr. Webb: Because at one time there was a very large trade for it in America.

Mr. R. S. Hudson: How can the right hon. Gentleman reconcile the reply he has just given with his reply to an earlier supplementary question, when I understood him to say that this crabmeat transaction took place years and years ago, long before there was any question of orders from Russia?

Mr. Webb: Not years and years ago: much earlier this year.

Mr. Hudson: In that case, when the right hon. Gentleman looks at his answer again he will find that he definitely misled his hearers in the House.

Mr. Sydney Silverman: Can my right hon. Friend say whether the attention of the United States' authorities has been drawn to the fact that this attempt to conduct foreign policy by strikers is doing harm to this country and none to the Soviet Union?

Sir William Darling: Was any of this crabmeat offered

to the Kitchen Committee of the House of Commons?

Dr. Barnett Stross: Can my right hon. Friend tell the House how one can distinguish between Communist crab and capitalist crab?

Tea Ration

Sir I. Fraser asked the Minister of Food whether, in view of the hardship caused especially to people living alone and to small families, he can now increase the tea ration.

Mr. Webb: There just is not the tea to enable me to do this at present, I am afraid.

Sir I. Fraser: Could the Minister not buy it?

Mr. Webb: No, Sir.

Imported Foodstuffs

Lord Malcom Douglas-Hamilton asked the Minister of Food if he will give an assurance that there will be a continued supply of corn and foodstuffs in the event of supplies from the Union of Soviet Socialist Republics and from Russian-controlled countries being cut off.

Mr. Webb: Supplies would continue but they might not be so great, because, obviously, the field in which we purchase would be narrowed. But if the situation mentioned in the Question ever arose the Government would, naturally, use every endeavour to maintain adequate supplies of all necessary foods.

Lord Malcom Douglas-Hamilton: Will the right hon. Gentleman ensure that the fullest use will be made of Empire and home-produced supplies?

Mr. Webb: Yes, Sir, we have been doing that for a long time.

Mr. Snadden: Is it not now desirable that the home oat crop should be guaranteed in price beyond 1952, so that increased acreages may be planned?

Mr. G. Williams: Can the Minister tell us what percentage of feedingstuffs is coming from Russia at present?

Mr. Webb: Not without notice.

New Zealand (Dairy Products)

Mr. Hurd asked the Prime Minister if he is aware of the dissatisfaction expressed in New Zealand by Ministers of the Crown and leaders of the dairy industry at the course of trade negotiations between the British and New Zealand Governments; and if he will send an official message to the Prime Minister of New Zealand assuring the people of the Dominion that this country means to pursue the policy of Imperial Preference.

The Prime Minister: Yes, Sir, but I would point out that agreement has now been reached on a formula which will ensure an uninterrupted supply of butter and cheese from New Zealand to the United Kingdom during the 1950-51 season. As regards the second part of the Question, I would refer the hon. Member to the reply already given to him by my right hon. Friend the Minister of Food in answer to Question No. 1. From this he will see that it would be a misapprehension to suppose that any question of Imperial Preference arises.

Mr. Hurd: Has the Prime Minister overlooked the statement by a Minister in the New Zealand Parliament, on

31st August, that New Zealand believes in Imperial Preference and wonders what the attitude of His Majesty's Government is? If there is any doubt should not the Prime Minister immediately remove it?

The Prime Minister: I do not think there is any doubt. At any rate, there are Ministers present this week discussing trade questions, and I could ask them.

War Materials (Export)

Mr. Oliver Lyttelton (Aldershot): I beg to move,

That this House urges His Majesty's Government to suspend the export of heavy machine tools and strategic raw materials that would add to the war potential of possible aggressors or which we or our Allies require for our own defence.

. . . I now come to some more detailed points, and I want in particular to refer to certain types of very heavy machine tools. The types I mean, are, first of all, large vertical boring mills, which for all their name are frequently used for machining the circumference of very large components. I have no doubt that many Members who have been interested in war production some time during the last war or since will have seen these vertical boring machines boring the circumference of a gun mounting when it is being prepared for the ball races to revolve the gun.

Large boring machines are a different subject, because the machine, as opposed to the mill, is the actual machine that bores the centre out of the gun. I shall also refer to planing machines for machining large flat surfaces—armour-plate and so forth—and very large types of centre lathes used for finishing and turning large circular forgings like guns. I want to make it quite clear that these mills are machines. It would not be true to say that these machines and mills can only be used in the manufacture of armaments, but the point is that they are its most directly useful war potential in the whole range of machine tools.

My first submission is that all the heavier types of these tools or machines should be placed upon the prohibited list, which means that they would require a license before being exported. On 23rd March, 1949, considerable additions were made to the prohibited list, and vertical boring mills and surfacing and boring lathes above 10 inches height of centre were added to the list, but for some reason which I shall seek to discover later large planing machines and large centre lathes are today still not on the list. This is entirely illogical.

I have here a schedule of exports in the course of manufacture by Craven Bros. of Manchester for export to the U.S.S.R. and Poland. Members may wonder why this particular manufacturer's name comes up again. [HON MEMBERS: "Hear, hear."] I will tell them. The reason is that they are specialists in this type of heavy tool. In some instances, they and George Richards and Sons are the only manufacturers in the country equipped to make certain very heavy types of tool.

Turning to the schedule of exports to the U.S.S.R., the first four items are large boring mills. There are seven 7-foot, one 16-foot and four 12-foot diameter machines—that is, 12 boring mills in all. In spite of these mills having been on the prohibited list since 23rd March, 1949, 10 of these machines have been licensed for export. On the Polish list are 15 specially equipped vertical boring mills ranging

(Continued on page 6.)

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

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

Vol. 25. No. 7.

Saturday, October 14, 1950.

From Week to Week

The Earl of Chatham (William Pitt), speaking in the House of Lords in 1770 (*Parl. History*, Vol. 16., Col. 660), said:—

“The Noble Lord Mansfield assures us, that he knows NOT in what code the law of Parliament is to be found; That the House of Commons, when they act as judges, have no law to direct them but their own wisdom, that their decision is the law; and if they determine wrong, the Subject has no Appeal but to Heaven.

“What then, my Lords, are all the generous efforts of our ancestors: are all these glorious contentions, by which they meant to secure to themselves and to transmit to their posterity a known law, a certain Rule of Living, reduced to this conclusion, that instead of the Arbitrary Power of a King, we must submit to the arbitrary Power of the House of Commons?

“If this be true, what benefit do we derive from the exchange?. Tyranny, my Lords, is detestable in every shape, but none so formidable as when it is assumed and exercised by a number of tyrants.

“But, My Lords, this is not the fact, this is not the Constitution, we have a Law of Parliament, we have a Code in which any Honest man may find it:

“We have MAGNA CHARTA.”

It should be realised that Pitt, in speaking of “the Law of Parliament,” was referring to the *limitations* on the law making powers of Parliament implied by the conception of the Constitution in his mind.

We have no doubt whatever that a large portion of the so-called Laws which have been passed on to the Statute book since the middle of the nineteenth century are wholly unconstitutional, and it is remarkable that their authors have not been impeached.

It is probable that most wars have been fought for reasons quite other than those publicly protested, but we should imagine that nothing ever approached in magnificent mendacity the Campaign now ending in the glorious victory of the United States over “North Korea.”

There is hardly a pretence that either “North” or “South” Koreans are more than symbolic; their role is to demonstrate the need for a Police Force under the United States, which can be used against all the “nations” and particularly “Britain” whose troops are embodied in it. We do not mean to suggest that “Britain” would ever think of rebelling against the United States; but Korea provides an

unobtrusive object lesson in the treatment awaiting her if she did.

In that remarkable book, *Spanischer Sommer*, reference is made to a letter from a Rabbi Botschko to Field-Marshal Montgomery, published in No. 18 of the *Israelitische Wochenblatt* of May 2, 1947, which states “the more Bevin persecutes us, the more hard knocks he will receive from an unseen hand; from the secret hand under which Belshazzar also fell.

“That England had to leave India quickly, . . . that England was constrained to suffer shame and disgrace in Egypt and that politically she has undergone several Dunkirks is sufficient evidence therefor. The British ship of state sinks daily lower and lower.”

This kind of talk is either meglomaniac nonsense or it is the core of world and home politics. All the evidence points to the latter explanation. It is more than time that we knew the truth.

From many and varied quarters we receive proposals for lines of action which rely for their validity on an appeal to the moral law. Let us hasten to say that we have the greatest sympathy with this appeal.

But we do not think it is generally recognised, at any rate with sufficient clarity, that this appeal begs the primary issue now before humanity. There is no law without a sanction; has “Right” or Decency, or Justice or Mercy any sanction? It is not a question which permits of a facile answer; in fact the answer may be what religion has always contended it to be, one which may be so final as to dispose of any subsequent problems.

Whether the statement is specially applicable to the British Isles we do not know; but in them there is no industry which so demoralises its personnel as the tourist trade. Is that why we are urged to develop it?

“A Strange War.”

Writing in *The Scotsman* for October 4, Eric Downton, the *Daily Telegraph* and *Scotsman* correspondent in Korea, said *inter alia*:—

“This is a strange phase of a strange war. As far as the United States Eighth Army, under whose command the South Korean division is operating, is concerned, it is an “unofficial” offensive. It is not yet officially admitted by an official Army spokesman that the South Koreans have gone over the 38th Parallel.

“Army Headquarters appear to be annoyed with the Press for reporting it. For the past two days, Army Headquarters have stopped issuing communiqués, formerly published twice daily, and suspended its briefings for war correspondents.

“It is still not clear who issued the orders for the South Korean drive above the 38th Parallel. The 1st Corps received its instructions from South Korean Army Headquarters . . .

“There is no doubt that the Eighth Army H.Q. is trying to restrict the amount of information made public concerning this unexpectedly rapid advance on the right flank. The only way for correspondents to assess the situation is by seeing with their own eyes . . .”

The Right Hon. Winston Churchill.

The following letters continued the correspondence published in our issue of September 30.

COPIES

(1)

House of Commons,
London, S.W.1.
September 26, 1950.

Basil L. Steele, Esq., M.R.C.S., L.R.C.P.,
Penrhyn Lodge,
Gloucester Gate, N.W.1.

Dear Sir,

I am writing on behalf of Mr. Churchill to thank you for your letter of 14th September, 1950.

The following quotation from Mr. Churchill's speech on the Schuman Plan in the House of Commons seems to answer your question. He said:—

"We are asked: 'How can the Conservative Party reconcile its opposition to the nationalisation of steel and yet give any countenance to the principle of inter-nationalisation in a European system?' It is a fair question. The answer is that we oppose the nationalisation of British steel because we wish to see it remain in the competent hands of those who under free enterprise have raised it to its present magnificent position among our industries. In our opposition to nationalisation we have never objected to a proper degree of Government supervision; indeed, we have always insisted upon it. What we have opposed, and shall continue to oppose, is State ownership and management or mismanagement as it has proved so far of the industry.

"Under the Schuman proposals, ownership remains unaffected. We cannot see any objection in principle to a wider measure of international co-ordination if that proves practicable and in accordance with our essential interests."

You will note he emphasises, "Ownership remaining unaffected," and "in accordance with our essential interests."

Secondly, Mr. Churchill has never at any time advocated a World Government in the usual federal sense of the phrase. He did, however, on the 23rd January, 1949, in a speech in the House of Commons, state that it should be our solemn duty to sustain the United Nations to the best of our ability and ultimately to bring it into effective reality as the "sovereign instrument of World Government."

Though you seem anxious to convince yourself that Mr. Churchill is endangering our National Sovereignty, yet I think you should first ask yourself if the life work of any one man has done more to safeguard our national Sovereignty. You refer to Mr. Churchill's great qualities as a war leader. Is it not possible that without his leadership the National Sovereignty about which you are so concerned, would no longer be ours. Experience has surely so often shown that his views, criticised and decried at the outset, eventually become adopted, acclaimed and proved correct. His long political career provides countless examples of this nature.

If one is to judge from the mail Mr. Churchill receives every week from this country, the Empire and all over the world (and he sometimes receives as many as three thousand letters from the general public in one week) one can only believe that your apprehensions are groundless, because I

think he has had only two other letters expressing similar doubts to yours, and from such a vast mail I am sure you will agree one could reasonably have expected more than this had there been any grounds for the fears you express.

Yours faithfully,

MARK BIRLEN.
Hon. Secretary.

(2)

Will the Private Secretary pass to Mr. Churchill for personal attention?

Penrhyn Lodge,
Gloucester Gate,
4th October, 1950.

Rt. Hon. Winston Churchill, O.M., C.H., M.P.,
Chartwell,
Westerham, Kent.

Dear Sir,

We thank you for the courtesy of your second letter, dated 26th September, which we regret to say does not in any way allay our misgivings, and a reply to which really demands a book.

Would it be trespassing too far on your kindness to ask if it is possible for you to set our minds at rest by making a more direct statement of Conservative policy upon the issues which are causing us very real concern?

In your speech on the Schuman Plan during the Commons Debate you are reported to have said, Sir:—"We cannot see any objection in principle to a wider measure of international co-ordination if that proves practicable and in accordance with our essential interests." Are we correct in thinking that participation in even preliminary talks was contingent upon an agreement in principle, not to "a wider measure of international co-operation," but to control by a supra-national authority?

It was on this ground, surprisingly, that the British Socialist Government, not hitherto noted for putting British interests first, declined to take part in the talks. You, Sir, even more surprisingly, moved a vote of censure against the Government for taking this patriotic step.

May we ask, therefore, whether it is now Conservative policy to accept the principle of supra-national control over British industries?

Incidentally, your conception of property (ownership) differs entirely from ours. (Can it be, Sir, that regarding such matters you make use of a special dictionary?) It would appear that you would accept the definition of ownership as something left to you when the State has taken all the attributes it wants. That is not our idea of ownership.

You say, Sir, that you have never advocated a World Government in the usual federal sense, but you proclaim it to be our solemn duty to bring the United Nations into effective reality as "the sovereign instrument of World Government."

We would ask, Sir, if, with the realisation of this strange "ideal," the Conservative Party would be prepared to transfer to the "sovereign instrument of World Government"

control over our economy, finance, external trading relations, foreign policy and defence. If not, in what way would the "United Nations" be sovereign?

(In connection with the "United Nations" it is significant to note the recent attack on this body by one who can by no manner of means be associated with 'isolationism.' We refer to the well-known American journalist, Miss Dorothy Thompson, who refers to it as 'a fraudulent piece of goods' and says that no one 'who has listened to its debates can conceivably believe that it promotes peace;' and calls upon the sovereignty of the American people against the dangerous internationalism of the United Nations).

You write, Sir, (or at least your Secretary writes) that no man has done more than yourself to preserve our national sovereignty. The reference surely cannot be to your great war leadership because this period you began by offering to share national sovereignty with the French in a common citizenship.

You, Sir, in your letter did not mention whether you campaigned for an international army in the 'thirties, or whether you approve of Mr. Robert Boothby's declared hope that the Strasbourg Assembly will become the Parliament of Europe, and the Council of Ministers its Government.

Finally, Sir, we are not impressed by the "Fan Mail" argument, which seems to suggest *Vox populi, vox Dei*. Since so many people are unable to obtain the necessary "intelligence" on which to found a proper understanding of what is really going on, is that not all the more reason why their trusted leaders should not hand over their destiny into the keeping of international caucuses?

We should be most grateful for any direct answers which you may be able to give to our questions.

We have the honour to be, Sir,

Yours very truly,

BASIL L. STEELE, M.R.C.S., L.R.C.P.,
(on behalf of co-signatories to previous letter).

PARLIAMENT

(continued from page 3).

from 8-foot diameter to the very big diameter of 30 feet. All these, or nearly all, have received licenses.

Repeated inquiries by the makers asking whether these machines are to be exported when they are finished, or whether the licences are to be withdrawn, have so far elicited no reply, or no clear reply, from the Ministry of Supply. As recently as 2nd August, the makers were advised in writing that His Majesty's Government could not encourage them to refuse to complete the orders that they had accepted, and no other guidance, as far as I know, has been vouchsafed to them.

The next assurance I want to be given is whether all these machines—that is 27 vertical boring machines in all—12 for Russia and 15 for Poland—will be kept in this country and not exported, whether their export has already been licensed or not. I turn aside at this point to say that the Government Amendment would appear to make it quite clear that the 18-foot and 16-foot mills will not be exported but kept in this country for our own purposes, because, if my information is correct, these mills are urgently required by the Ministry of Supply for the re-equipment of the Royal Ordnance Factories or other factories in this country. Probably the others are equally wanted here, although on that I

have not the information to support that suggestion.

I am suggesting that both the 18-foot and the 16-foot vertical boring mills are an urgent requirement of the Ministry of Supply at this moment. These mills are very big machines, and in consequence take a very long time to manufacture. I am informed that the earliest delivery to users in this country that can be given is two and a half to three years, if the present exports are permitted. If the exports are stopped, our own defence programme would have the benefit of these machines within six months. I ask the House to think what these implications are. I am seeking the assurance that not only the two big mills, which I believe are urgently wanted, but all the 27 mills I have described will be kept.

I now come back to the schedule of exports to Russia. The next item is two 10-foot by 8-foot by 20-foot planing machines. This is large sized equipment used, among other things, for machining armour-plate. I should myself describe them—I hope with a due sense of responsibility—as falling into the category of direct war potential. They are not even on the prohibited list—no licence is required for their export, and any one making these machines can export them to Russia without a licence. Can we be assured, first of all, that these machines will be placed on the prohibited list, and secondly, that the export of these particular machines will be stopped, irrespective of the date upon which the order was booked by the manufacturers? I do not think the Government should have very much difficulty in saying "yes" to this question, since it would appear to most people, whether laymen or otherwise, to be utterly illogical to put vertical boring mills on the prohibited list and keep planing machines off the list. Therefore, may I have an answer to this question? :

Lastly, I come on this particular part of my argument to an even more absurd case and an even greater anomaly. I refer to the very large centre lathes. These are not on the list and no licence is required for their export, yet in the schedule of exports to Russia of this particular manufacturer are two 80-inch, one 60-inch and one 50-inch lathes, and two for Poland of rather smaller dimensions. Perhaps I might remind Members that these lathes are so big that the biggest one, if it were put into this Chamber in which we are now sitting, would give precious little room to Members on either side of the House. I would remind the House that this dimension of 80 inches is the dimension between the centre of the spindle to the top of the bed-plate. In other words, the swing of the lathe, as the term goes, would enable this lathe to turn a circular forging of 160 inches, which is rather over 13 feet in diameter—a tremendous machine. These lathes spell to me at any rate in present circumstances only one word—armaments. They are not even on the prohibited list, and I ask that they should be placed upon that list at once, and that the export of these particular lathes in process of manufacture should be stopped.

I hope that I have shown that at least some further elucidation and a clear-cut statement of policy is called for, since it appears to me to be just sheer nonsense or else muddle to put vertical boring machines on the prohibited list, whilst leaving the planers and those larger centre lathes entirely free to be exported. It is a curious principle that what is forbidden in the vertical should be permitted in the horizontal, and one which would carry us very far in human

affairs if applied in other directions. . . .

The President of the Board of Trade (Mr. Harold Wilson): I beg to move, to leave out from "House," to end of the Question, and to add instead thereof:

"approves the policy of His Majesty's Government in stopping, in all appropriate cases, the export of equipment and materials likely to be required for the defence programmes of this country, of the rest of the Commonwealth, and of North Atlantic Treaty Powers, and in consultation with those countries in continuing and, where necessary, extending the control on the export of equipment and materials of military value, while at the same time maintaining, to our mutual benefit, trade between the United Kingdom and Eastern Europe."

. . . The right hon. Gentleman has mentioned certain machine tools that he feels ought to have been on the list from the start. He put his argument very clearly. On that point I should like to say that very careful consideration was given to putting these particular machine tools on, and that the arguments which he has laid before the House this afternoon were very fully laid before the Ministry of Supply, I understood, by Craven Brothers, some 15 months ago, and they were considered. My hon. Friend the Parliamentary Secretary to the Ministry of Supply could, I think, explain better than I the reasons why they were excluded, but I can certainly give to the right hon. Gentleman the assurance that we will look at the list again. We are always examining it. We will certainly look at the list again, in the light of the remarks he has made this afternoon, to see whether these items ought to be included in the list.

Mr. Churchill: We do not want to disagree needlessly, but surely something better than "We will look at the list again" ought to be given as answer to the precise question whether this particular class of tool, which is certainly essential for war purposes, should continue not even to be licenced?

. . . I must press this matter. Cannot the right hon. gentleman say, as a result of the profound and very careful consideration that has been given, he tells us, to this matter, whether the answer is "Yes" or "No"?

Mr. Wilson: I have already explained that as a result of the profound technical consideration which was given to this matter last year and again this year it was decided that it was not necessary to add these particular items to the list. I have undertaken to give the right hon. Gentleman an assurance that the answer, which was then "No"—since the right hon. Member for Woodford wants the answer in those terms—will be reviewed, and that we will look at it again in the light of the remarks made by the right hon. Member for Aldershot this afternoon.

. . . Before I deal in detail with those particular machine tools, perhaps I ought to remind the House, if I need to, that tool industry for very many years. It would be a very serious Eastern Europe has been a traditional market for our machine-tooling if the whole of our machine-tool exports to Eastern Europe were to be cut out. In fact, 41 *per cent.* of our total exports of metal-working machine tools went to these countries, almost wholly to the Soviet Union, in 1938-39. I am not quoting this figure in any criticism. It was 82 *per cent.* in 1932, and certainly without those orders the capacity of the machine-tool industry could not have been maintained and we should have been in a far worse position and shape for meeting the needs of war in 1939 to 1945, as the right hon. Gentleman will be the first to agree.

Mr. Churchill: Russia was on our side then.

Mr. Wilson: Perhaps I should give figures for comparison. The proportion of our exports going to these countries in 1949 was 16 *per cent.*, and in the first half of this year, 17 *per cent.* In fact, the Soviet Trade Agreement was welcomed by the industry's spokesmen as re-opening this traditional market.

As I have made plain, there are still substantial orders outstanding on the British machine-tool industry from Eastern Europe—

Mr. Churchill: Principally Poland and Russia?

Mr. Wilson: Yes, principally Poland and Russia. We are at present engaged in obtaining information from the firms concerned—I understand there are about 30 of them—to obtain full details of each particular order, the specifications, the expected delivery dates, and so on. When that information is available, the case of each particular item will be considered by the production Department concerned . . .

Mr. W. Hudson (Hull, North): . . . I am informed that a large firm in this country is under contract to ship to Russia what are known as bomb moulds, and that deliveries against that contract are already in process, some of the machines passing through the port which I have the privilege to represent. Whether that is true or not, I cannot say, but I want to put it to the Minister so that he may have an opportunity of either confirming or denying that very serious suggestion. What has been said by the hon. Member for Leeds, West (Mr. Pannell), and the right hon. Member for East Stirling (Mr. Woodburn), about trade virility and the need for keeping the wheels turning in the export market, certainly cannot be said about an item like bomb moulds.

I emphasise that I am merely asking the Minister whether he knows if this is true, and, if he does not, whether he will find out; and, if it is true, what are the Government doing to stop the shipment of such important war materials. I think we are due for a categorical answer on that point.

The Parliamentary Secretary to the Ministry of Supply (Mr. John Freeman): . . . The hon. Member for Hull North (Mr. W. R. Hudson), when, I regret, I was temporarily out of the House, raised a point, which may have been of some importance, about the alleged export of some bomb moulds from this country. As at present advised, I cannot trace that incident at all, and, if it took place in the form in which he has been informed, it must have been a case of something slipping through the control by either inaccurate or inadequate description. If he will furnish us with the information which he has, we will look into the matter and endeavour to stop that gap . . .

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"Conservative" Party Policy.

Housewives To-day publishes the following from the President of the Scottish Housewives' Association to the Rt. Hon. Malcolm McCorquodale, M.P.:—

"Dear Sir,

"I have just read your article in *The Bond*, [the official organ of the Conservative Party in the Constituency of Epsom] and I must say I am at a complete loss to understand Conservative policy of to-day.

"It is a recognised fact that your Party regained lost ground in the last election through 'no more nationalisation.' You cannot 'eat your cake and have it.' In other words, how can you possibly defeat National Nationalisation and uphold International nationalisation?

"Our Association has taken the keenest interest in this supposed 'Schuman' plan because what has been press news to the British public during the past two months has been 'official' news to us since the E.C.A. administrators, Messrs. Finletter, Harriman and Hoffman, gave their testimonies to Congress and the American Foreign Committees in February, 1949, and I have no hesitation in saying that it was largely due to our subsequent enquiries that Mr. Finletter's 'resignation' followed.

"I cannot agree that the 'plan' was Schuman's. In 1941 part of the 'Plan' was as follows:—'The simplest general pattern would be for each producer of key commodities to belong to a national association of producers of that commodity which would in turn belong to an international control of that commodity. This in turn would be affiliated to an International Raw Materials Union for all commodities. To conclude no Trade Treaty with a non-member state and to give such state less favoured status in economic matters . . . etc.'—[From P.E.P. Broadsheet.]

"All over the country I hear complaints about the Left Wing tendency of the Conservative Party, and while attending a meeting in London some days ago, one speaker remarked 'how unfortunate it is that the Conservative Party have such a Left Wing Group and is so taken up with planning.' There seems little doubt that Planning has permeated the Conservative Party just as the Fabians permeated the Liberals

"It is to be regretted that Major Legge-Bourke's admirable contributions to one of the most historic debates of recent years received practically no National Press report.

"We cannot afford to be isolationist, neither can we afford to cut ourselves adrift from our Empire.

"Yours truly,

ELIZABETH PATTULLO,

President.

Lilienthal to Administer Schuman Plan?

"Curious as it may seem, even in these strange days, the Labour Party, traditionally international in its outlook, is to-day assuming the pose of guardian of the national rights, and is resisting the dangerous temptation of such decoys as the Schuman Plan, whose supranational head designate is Mr. David Lilienthal, late dispenser of the atom bomb.

—*Free Britain*, October 1.

"Science"

"During the nineteenth century the prevailing optimism encouraged the scientist to follow his calling happy in the conviction that he was serving the advance of mankind, both in enlightenment and in material benefits. Today this assurance has gone. The material benefits of science are undermined by the new destructiveness of war, and the hope of enlightenment has been followed by disillusion. The glory of individual research is fading into drab team-work undertaken for a living, the freedom of science is threatened by State control, the greater the achievements of science the more serious is their abuse, and over all hangs the horror of scientific war. . . .

"The conviction that science would lead towards general enlightenment assumed that lucid principles would be discovered, bringing to man the sense of understanding nature. But during the last hundred years, science has become so vast, so specialised, and so obscure, that the different scientific specialists do not understand one another, and none of them really understands even his own limited aspect of nature."—L. L. Whyte in *The Sunday Times*.

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