

# THE SOCIAL CREDITER

## FOR POLITICAL AND ECONOMIC REALISM

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### From Week to Week

*The Times* announced the appointment of its new editor in five and a half lines. *The Scotsman*, understandably, was more committal concerning the personality of Sir William Haley, the successor to Mr. W. F. Casey, in his turn the successor of the late R. M. Barrington-Ward in the chair at Printing House Square. Having printed their History, perhaps *The Times* are indeed changed, and we are to be changed further in them. It remains to be seen. Now that *The Times* are again in "the right hands," is the inference to be drawn that the "B."B.C. was in the right hands likewise? But, of course! The new editor will take up his appointment before the end of the year. *The Scotsman* has the following (June 6):—

"Sir William Haley, who is 51, was formerly a joint managing director of the Manchester Guardian and Evening News Ltd., and editor of the *Manchester Evening News*.

"He became Director-General of the B.B.C. in 1944 after a year as editor-in-chief, a new B.B.C. post.

"Sir William—he was created K.C.M.G. in January, 1946—joined the *Manchester Evening News* as a reporter in 1922. In three years he was chief sub-editor and became managing editor five years later.

"During the war he was a director of the Press Association and of Reuters.

"Sir William who is married and has two sons and two daughters was born at St. Helier, Jersey, the son of a Yorkshire clerk and a French greengrocer's daughter.

"He was educated at the island's Victoria College, which he left when he was 16. After two years as a wireless operator in a tramp steamer he became a junior reporter on the *Jersey Morning News*.

"He then became a telephonist in *The Times* foreign news department, where he proposed a new scheme which saved the paper transmission costs. He was sent to Brussels and later went to Manchester.

"He has been described as 'an outsider who has reached the centre—completely independent, an *entrepreneur*, a master journalist.'"

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*Ad nauseam* (but not to make you ill) we have talked about Mond-Turnerism. The topics of this review are long-lasting topics: it is not cursed with an ephemeral taste. Mond-Turnerism is not a transient or ephemeral thing. It is a thing that endures from generation to generation. While it endures, The End comes nearer: the end or aim of Mond-Turnerism, and with it the end of us, for the aim of Mond-Turnerism is the end of us. Memories are short, and the arm of financially supported coincidence is long. Mond-Turnerism and Great Britain's troubles are coincidental: they happen together, and they will go on happening

together until a halt is called. The reemergence of the T.U.C. from its recent apparent quiescence may have been noticed. It now excites long leading articles in the newspapers. *The Scotsman* is a little surprised that "at a moment when the Trade Union movement stands in need of wise counselling, the T.U.C. have elected to remain silent." But isn't that, quite irrespective of the ground for audibility (about which *The Scotsman* may well be mistaken), a part of the bargain? How many Social Crediters have memorised *The Brief for the Prosecution* sufficiently well to have it at their tongue's tip, and their pen's, when these things come up, as they do, over and over again? Can no one burst the bubble of the Wages Policy? The "workers" (now alas, so many and so universally devoted to making things they don't want), when they were sold a wages policy, were sold a policy which of itself took the ground from under their feet.

### To All Readers of "The Social Crediter"

Those of us who draw our inspiration from Major Douglas and his works may justly feel a moral obligation to recognise it, so far as is possible, by supporting his official organisation, the Social Credit Secretariat, and its organ, *The Social Crediter*, in the furtherance of his influence. Never, perhaps, has the function of the Secretariat and its organ, *The Social Crediter*, been more vital and the need for its existence greater than at the present historic juncture, to proclaim those Laws "which cannot, in the ordinary sense of the words, be invented, but may be ascertained and therefore obeyed."

*The Social Crediter*, at 6d. weekly, or 30/- per annum, post free, is without rival in the world today, as much for its modest price as for the wisdom and understanding of its pages and the aim of its readers should ever be to bring it to the attention of the greatest possible number of those who may join them, as also to enable the Secretariat, by their financial support, to continue the sale of the paper at its present price.

"Now when our land to ruin's brink is verging,  
In god's name, let us speak while there is time!  
Now, when the padlocks for our lips are forging,  
Silence is crime."

Let us all, therefore, by our acts and contributions, assist the Social Credit Secretariat and its organ, *The Social Crediter*, to the utmost of our powers, to 'speak while there is time.'

T. V. HOLMES,  
Liverpool,  
June, 1952.  
Treasurer and Director of Revenue,  
The Social Credit Secretariat.

Concerning the foregoing, some reference to the pre-

sent and future finances of the Secretariat may be included in the Deputy Chairman's address to Social Crediters at the forthcoming meeting in London which has been advertised. In the meantime, it is hoped that readers who are not at present committed to support of the Secretariat's work, by gifts of either money or time and labour, and they are a mounting proportion, who may be said to have long enjoyed the pleasures of participation without the pains of preparation, will anticipate any call which may be made upon them on the grounds of the Director's letter. Amid rising costs and expanding opportunities, a too lean and economical service from the centre is less than what is due; but it is being forced upon us.

## PARLIAMENT

*House of Commons: May 15, 1952.*

*(The debate continued).*

### Death Duties (Private Companies)

*Mr. Powell* asked the Chancellor of the Exchequer whether he is aware that the present procedure for the valuation of shares of private companies brings considerable hardship to small companies when Death Duties have to be paid; what representations he has received to this effect from the national Union of Manufacturers, the National Federation of Grocers, the Drapers' Chamber of Trade and other bodies; and whether he will carry out an investigation into this problem.

*Mr. Boyd-Carpenter:* My right hon. Friend the Chancellor of the Exchequer has received a number of representations on this subject and is ready to consider any concrete evidence of hardship which is put before him.

### Feedingstuffs (Anti-biotics)

*Mr. R. Robinson* asked the Minister of Agriculture what reports he has received from the Agricultural Research Council with regard to the experiments recently conducted in the use of anti-biotics in animal feedingstuffs; and, in particular, if these experiments confirm the American successes in fattening pigs and poultry in this manner.

*Sir T. Dugdale:* Experiments on this subject are still in progress and the Agricultural Research Council tell me that it is too soon to add to the statement they recently released to the Press, a copy of which I am sending to my hon. Friend. It is hoped that results from which valid conclusions can be drawn will be available before the end of the year.

### Teachers (Political Views)

*Sir W. Smithers* asked the Minister of Education if she has considered the resolution sent her by the London Housewives' Association protesting at the employment of 2,000 known Communist teachers in the schools; and what action she has taken or proposes to take.

*Miss Horsburgh:* I have received a copy of the resolution. I should take a serious view of any case where a teacher was found to be using his position to propagate his political views in school. Otherwise a teacher's political views are his own concern.

*House of Commons: May 19, 1952.*

### Fishing Dispute, Iceland

*Mr. Hoy* asked the Secretary of State for Foreign Affairs if he has yet received a reply from the Government of Iceland regarding the extension of Icelandic territorial waters; and if he will make a statement.

*Mr. Selwyn Lloyd:* The Icelandic Government's reply was handed to Her Majesty's Minister at Reyjavik on 12th May, and the full text was received in London on 15th. I am placing a copy in the Library, together with a copy of an *Aide Mémoire* which Her Majesty's Minister received at the same time as the Note.

In this Note the Icelandic Government have declined to amend their fishery regulations as we had previously requested. Her Majesty's Government naturally regret that this is so. I should prefer not to comment further at this stage. The complex questions involved have to be fully considered in the light of the reply just received.

*Mr. Hoy:* Is the right hon. and learned Gentleman aware that, following on the action of Norway the action by the Icelandic Government strikes a very serious blow indeed at the British fishing industry; and could he not, even at this stage, be a little more forthcoming about what action the Government will take with Iceland over this matter, lest it may be an encouragement to other people to do the same thing?

*Mr. Lloyd:* I quite agree that the effect of the decision in the Norwegian fisheries case was a very serious one for this country. I equally agree that the decision of the Icelandic Government is almost equally serious. Her Majesty's Government did make very strong verbal and written representations to the Icelandic Government not to take this course, and we shall certainly seek to preserve the rights of our people in any legitimate manner. What we are now considering is the best method of achieving that object.

*Mr. T. Williams:* Do we take it from that reply that the Government will pursue negotiations with the Icelandic Government; and have they in mind the possibility that if the Icelanders insist upon their present-day policy they may very shortly find a complicated question at the docks where perhaps their fish will not be landed in future?

*Mr. Lloyd:* That matter has already been very forcibly drawn to the attention of the Icelandic authorities. This was a matter in which we sought to arrive at some arrangement by agreement. Unfortunately, the Icelandic Government have taken this unilateral attitude, and at all times we have pointed out to them the consequences of that action. However, we are examining urgently what can be done to preserve the interests of the people of this country.

*Commander Maitland:* Does my right hon. and learned Friend also agree that the circumstances in Iceland are quite different from what they were in Norway; and will he impress that point upon the Icelandic Government?

*Mr. Lloyd:* That has already been done. The decision in the Norwegian case related to the drawing of base lines, and the question of the right to extend territorial waters by extending their limit was not in doubt in that case. It is quite different from the Icelandic case, and that has been made clear to the Icelandic Government.

## Finance Bill

Clause 10.—(CHARGE OF INCOME TAX FOR 1952-53.)

*Captain J. A. L. Duncan* (South Angus): I beg to move, in page 13, line 9, to leave out "and sixpence."

I could make my entire speech on this Amendment in the words recorded in the OFFICIAL REPORT from the speeches of my hon. and right hon. Friends on the Front Bench during the last Parliament. I shall not do that because I do not wish to make too long a speech, but I am sure that if I had done so I should not have embarrassed them because, even if the Government cannot do anything this year, they will agree in the main with what I shall say.

National expenditure is so large now that in the interests of all classes of the community it is essential that it should be reduced. Some 40 per cent. of the total national income is being raised by taxation. Of the total of £4,500 trillion, £1,800 million, according to the Budget estimates in the White Paper, is being raised by Income Tax, which is over one-third of the total amount raised in the Budget. This is a very high proportion of the national income to be taken from the pockets of the taxpayers every year.

... A reduction in the standard rate would affect every Income Tax payer. It must not be thought that this Amendment would have an effect only on those who pay the standard rate. It would affect also those who pay the reduced rate, because the corollary of a reduction in the standard rate would be that there would be a reduction in the rates for those who pay the reduced rates; so that it would benefit every Income Tax payer in the country. That is part of my intention, although I admit that in this Amendment I cannot cover that point.

... The high rate of Income Tax has four main effects. First, it is a disincentive to hard work. My right hon. Friend the Chancellor of the Exchequer has done a good deal to help overtime amongst those who are earning £1,000 a year and less, but there are others in this country: lawyers, business men, professional men, civil servants—the brain workers of this country. Those people, I submit, deserve just as much consideration as anybody else if this country is to survive as a business and trading nation. It will be within the experience of everyone who is in touch with lawyers, doctors, dentists, professional men and people in business generally that the present high rate of taxation is making people think that, as they have to work for so many months for the Government, when they have made that amount they will not put in extra effort to work a little longer.

Secondly, it is a disincentive to saving. During the last two years there has been a reduction in national savings, that is to say, more has been taken out than has been put in. Take the year 1951. To 31st March, 1951, there was a loss of £90 million. In the year to the end of March, 1952, there was a loss of £85 million in national savings. I submit that the very high rate of taxation for those who pay Surtax as well makes it virtually impossible for them to save at all and, taking a long view, I submit that that is not in the interests of the country.

The third disincentive, in my submission, is to risk capital. It seems to me that what we face in the future is a tremendous shortage of risk capital for industry, and we have to provide from savings, which is the only way in which it can be provided, the money to be made available

for new enterprises, new development, new inventions, and so on.

I have deliberately not quoted anybody so far, but at this stage I feel I must quote the former Economic Secretary to the Treasury who said, in a speech which he made on 6th June last year:

"I want also to ask the Committee to consider what will be the effect of taxation of this kind upon people who would have been inclined to take a risk in developing a new enterprise, or, if they did not want to run one of their own, to take a bit of a risk in providing equity capital for industry rather than fixed obligation capital. If we are at a rate at which they are paying something like three-quarters of any additional income in taxation, what does it mean if they are considering whether they will take a risk? The country's interest really requires that if there is an opportunity for progress where the chances of profit are, let us say, double the risk of loss, that opportunity clearly ought to be seized, but in these circumstances it will not be seized if the prospects of profits are doubled or even trebled; they require to be fourfold. In those circumstances, we cannot expect that this country will hold its way in a changing world and in competition with other countries."—[OFFICIAL REPORT, 6th June, 1951; Vol. 488, c. 1104.]

I submit that that is the case. We shall have, as we are bound to have in the next few years, enormous demands on industry for new capital, which will be inevitable if we are to keep in the van of progress and to maintain our position in this changing world. If we are to do that, we must make money available through the savings of the people. We must do this in a form which will encourage people to risk their money in developing new enterprises and new inventions.

Lastly—and here I believe many economists will not agree with me, but I do not pretend to deal in economics—I believe that this high rate of taxation is inflationary. The very fact that such a high rate of taxation has to be deducted from, let us say, company profits is bound to have the effect of increasing the price of the goods which are sold. It seems to me that if we are to be able to compete in the world as exporters in the future, we must keep our prices down so that we can sell our goods at competitive prices.

I conclude with two extracts from speeches by the Chancellor of the Exchequer, because I am sure he will agree with what I have been saying. First of all, speaking on 30th April in the debate on the Petrol Tax, my right hon. Friend said:

"I hope that I am a healthy Chancellor of the Exchequer when I say I regard all taxation as bad. There are only different degrees of evil in the incidence of any particular levy. This particular tax"—

that is, the Petrol Tax—

"has the advantage of being . . . thinly spread and widely borne." —[OFFICIAL REPORT, 30th April, 1952; Vol. 499, c. 1539.]

In my submission, Income Tax is widely borne but it is not so thinly spread and it has, therefore, a bigger handicap than the Petrol Tax.

My second quotation is from "The Times" of 5th May, reporting a speech which my right hon. Friend made in his own constituency, or at any rate in Essex. He said:

"If the Government plans for keeping down expenditure are successful, as we hope they will be, given time, then taxes can be reduced and savings will increase, and this in turn will mean that the Government will need a smaller surplus. We must break the vicious circle of high taxation leading to low savings which themselves require more taxation. . . ."

(continued on page 6.)

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Saturday, June 14, 1952.

### "Sound" Finance and Industrial Disturbances\*

We have, on numerous occasions, warned that excessive centralism in any sphere of human activity must inevitably result in disaster for the individual. At the time of writing, Victorian industry, dependent almost entirely upon the Socialist Electricity Monopoly, is threatened with a major disaster because of a strike by the S.E.C.'s maintenance staff. These S.E.C. employees are striking because they were recently denied increased margins of pay for skill. The effects of this strike may easily prove more disastrous economically than any strike ever engineered by the Communists. If the strike had been promoted by Communists, The Federal Government would have been loud in their denunciations of "Moscow-inspired wreckers." But the wrecking is basically the result of the very financial policies which the Federal Government has imposed and lauds as "successful."

It is essential to recall that Conciliation Commissioner Galvin refused the proposed increase in margins for skilled pay because he said that wage increases at present would intensify the inflation problem. Under present financial rules there is no doubt that an increase in wage costs must be reflected in higher prices. But if wage earners, particularly those who have taken some trouble to make themselves skilled in order that they may earn more money, are to be denied wage increases simply because those responsible for economic and financial policies cannot solve the inflation problem, industrial disturbances must become progressively worse. And with economic centralism growing all the time because of centralist credit policies, every industrial disturbance like a strike has widespread repercussions.

The problem under discussion is now becoming acute in every industrial country—*i.e.*, every "advanced" country—in the world. For example, press reports coming from the U.S.A. indicate that the very basis of America's industrial system, its steel industry, is faced with a major stoppage. We emphasise that this drastic reduction of production was not the result of Communist agitation, but the result of the same financial policies suffered in this country. American wage-earners desire progressive increases in wages in order to compensate for rising prices. We have heard much about the efficiency of American industry, and the widespread use of incentive payments in industry. But genuine efficiency and stability are impossible while financial

\*From *The New Times* (Melbourne) of April 18.

policies further economic centralism. As we have said time and time again, Communism, irrespective of whether it bears the Moscow label or any other label, must inevitably destroy the Western World so long as it persists with financial practices which run counter to natural human aspirations.

Power shortages in Victoria, like other growing shortages, are merely symptomatic of an underlying disease. This disease is so deeply-seated that apparently intelligent men are prepared to permit their economic structure to develop the seeds of its own destruction rather than realistically consider whether their financial book-keeping arrangements are sound or not. Unless the subject of finance is faced, it can be predicted that present economic troubles must lead to even greater troubles.

### The Election at Baslehurst

... Mr. Hart was about everywhere speaking, and so was Butler Cornbury; but in the matter of oratory I am bound to acknowledge that the Jew had by much the mastery over the Christian. There are a class of men,—to whom a power of easy expression by means of spoken words comes naturally. English country gentlemen, highly educated as they are, undaunted as they usually are, self-confident as they in truth are at the bottom, are clearly not in this section. The fact that some of the greatest orators, whom the world has known have been found in this class, does not in any degree affect the truth of my proposition. The best grapes in the world are perhaps grown in England, though England is not a land of grapes. And for the same reason. The value of the thing depends on its rarity, and its value instigates the efforts for excellence. The power of vocal expression which seems naturally to belong to an American is to the ordinary Englishman very marvellous; but in America the talking man is but little esteemed. "Very wonderful power of delivery,—that of Mr. So-and-So" says the Englishman, speaking of an American.

"Guess we don't think much of that kind of thing here," says the Yankee. "There's too much of that coin in circulation."

English country gentlemen are not to be classed among that section of mankind which speaks easily in public, but Jews, I think, may be so classed. The men who speak thus easily and with natural fluency, are also they who learn languages easily. They are men who observe rather than think, who remember rather than create, who may not have great mental powers, but are ever ready with what they have, whose best word is at their command at a moment, and is thus serviceable though perhaps incapable of more enduring service.

At any rate, as regarded oratory in Baslehurst the dark little man with the bright new hat from London was very much stronger than his opponent,—so much stronger that poor Butler Cornbury began to sicken of elections and to wish himself comfortably at home at Cornbury Grange. He knew that he was talking himself down while the Irsaelitish clothier was talking himself up. . . .

At the close of the poll on that evening it was declared by the mayor that Mr. Butler Cornbury had been elected to serve the borough in Parliament by a majority of one vote. . . . (From *Rachel Ray* by Anthony Trollope—1862.)



## Reuters

By EUSTACE MULLINS

We recommend to the student of political science, if there is such a science, a volume which has recently come to our attention, the autobiography of Sir Roderick Jones, entitled *A Life in Reuters*, Hodder and Stoughton, 1951. This book gives us much authoritative information on news distribution. Sir Roderick was Chief of Reuters News Agency for many years, assuming command of that agency when it was still at its historic address of 24 Old Jewry, London.

It is difficult to approach journalism without taking into account its companions of a trinity, propaganda and espionage, and we find in this book many instances of their relationship. On page 200, Sir Roderick relates a bit of history which will not be found in the universities. It describes a luncheon given by him for General Smuts, Sir Starr Jameson, and Dr. Walter Hines Page. He says:

"We dined in a private room at the Windham Club, the one in which twenty years later the terms of the abdication of King Edward VIII were settled. We drifted on to the question of the United States entering the war, for which Britain and France so patiently waited. Dr. Page then revealed to us, under seal of secrecy, that he had received from the President that afternoon a personal communication upon the strength of which he could affirm that, at last, the die was cast. Consequently, it was not without emotion that he found himself able to assure us that the United States would be at war with the Central Powers inside a week from that date. The Ambassador's assurance was correct to the day. We dined on Friday, March 30. On April 2 President Wilson asked Congress to declare a State of War with Germany. On April 6 the United States was at war."

Sir Roderick tells us that Baron Julius de Reuter was born Israel Ben Josaphat Beer, the son of Rabbi Samuel Beer of Casse, Germany. Like so many of his co-religionists, Beer saw that the British Empire was ripe for plucking. He emigrated, set up a news agency, came to the attention of the House of Rothschild, and the rest is history. In 1859, now Baron de Reuter, Beer signed a Covenant with his two rivals in Europe, Havas of France and Wolff of Germany. Havas was a French Jew, Wolff was a German Jew, and these three divided up the world between them. Havas was to have South America, the three were to share the continent of Europe, and Reuters was to have the rest of the world. The arrangement, providentially concluded just before the outbreak of the Civil War in the United States, endured until the First World War for Zionism.

Sir Roderick Jones began his career as Assistant to the Chief Correspondent in the Transvaal, one Leo Weinthal, before the Boer War. On page 38, we find some interesting background on that conflict, as follows:

"Towards the end of 1895, smouldering and unsubstantial fires of political discontent in Johannesburg were fanned by the Transvaal National Union and by the gold mine owners into an outwardly presentable flame of revolution. An Uitlanders Reform Committee was established, with an inner executive consisting of John Hays Hammond,

Lionel Phillips (one of the heads of the gold and diamond mining firm of Eckstein—the Corner House), George Farrar, head of East Rand Property Mines, and Colonel Frank Rhodes, brother of Cecil Rhodes, Prime Minister of the Cape. Percy Fitzpatrick, also of the Eckstein firm, was the Secretary. The General Committee consisted of sixty other prominent citizens, including Abe Bailey and Solly Joel."

Sir Roderick, although he freely relates the role of the House of Eckstein in promoting that war, does not reveal the importance of the House of Rothschild. John Hays Hammond was chief mining engineer for the Rothschilds, later being employed by the Guggenheims at a salary of five hundred thousand dollars a year, and finally becoming Washington lobbyist for the Rothschild policy group, the Council on Foreign Relations. Sir Abe Bailey was the principal angel of its sister group in Britain, the Royal Institute of International Affairs. Almost any biography of Cecil Rhodes will inform the reader that he was financed in his African Empire by the House of Rothschild.

On April 28, 1915, Baron Herbert de Reuter, Chief of the Agency, shot himself. The cause was the crash of the Reuters Bank, which had been built up by Baron Julius de Reuter to handle foreign remittances without their being subjected to inspection. It was felt by the directors to be unwise to replace the Baron with another German Jew, there being a war going on with Germany, and Sir Roderick Jones who had served Leo Weinthal faithfully and well, was chosen as a more respectable front for the international operations of the agency. On page 363, he tells us:—

"Shortly after I succeeded Baron Herbert de Reuter in 1915, it so happened that I received an invitation from Mr. Alfred Rothschild, then the head of the British House of Rothschild, to lunch with him in his historic New Court, in the City."

We are not favoured with an account of the conversation, Sir Roderick limiting himself to a description of the formalities attending upon a visit to the Rothschild. After this, the Chief of Reuters toured the world, being received everywhere with a display usually reserved for royalty. In India he was entertained by the Viceroy, Lord Reading, whose name had been entered at the synagogue as Rufus Isaacs. Isaacs told him that on his first visit to India, he had been a lowly ship's boy, and on his second visit he was Viceroy, whereupon Sir Roderick remarked that only in the British Empire could such a thing have happened. His observation is a slight to America.

## Textbooks Defended at Space Rates

The *Saturday Review of Literature* notified publishers of school and college textbooks that its issue of April 19 would devote a special section to a "controversy of national importance . . . over American textbooks." The *Review's* editor, according to the circular, is disturbed, nay alarmed, by "the organized pressure now being put on schools, and even colleges, to alter drastically textbook policy." He sees in this a threat not only to American public school education but also to the "general structure of textbook publishing."

## PARLIAMENT—

(continued from page 3.)

I have moved the Amendment for all those reasons, and although I do not expect to get very much change from my right hon. Friend this year, I rely on the Government to do something for the general body of taxpayers next year.

*Mr. E. Fletcher:* Before the hon. and gallant Gentleman sits down, will he answer, as he promised, the question put by my hon. Friend the Member for Nelson and Colne (Mr. S. Silverman)—how much would this proposal cost?

*Captain Duncan:* I apologise. I failed to do so only because I did not want to take up too much time. It will cost about £88 million in a full year.

*Mr. Roy Jenkins:* . . . This Amendment would cost £88 million. Really, I do not understand. As the hon. and gallant Gentleman said that we ought to be discussing not only this but two other Amendments which went with this one, he ought to have told us what the three would cost. If this Amendment alone would cost £88 million then what we have to discuss has nothing at all to do with other rates of tax. It is something affecting only the standard rate of 9s. 6d.

Let us be clear who this affects so far as individuals are concerned. It affects, in the case of a married man with two children, people earning £19 10s. a week and above. So far as even a single man is concerned it effects people earning £13 6s. and above. Therefore, there is no doubt at all that this is a proposal for giving away £88 million which would go to a very limited class of people who are already very much better off than the average run of people in the country.

The argument is perhaps that this ought to be done none the less because of the great effect it would have upon incentive. Nobody will argue that something which helps incentive is not in itself good. But, of course, one cannot possibly argue that today without also looking at the other consequences in the form of the effect upon the distribution of income which such a proposal may have. One must weigh one consideration against the other. One must remember that this form of giving incentive would give a substantial amount more to people who under the Chancellor's Budget have already had a substantial concession—who have already had, at a time when the Chancellor is appealing to the T.U.C. for wage restraint, a wage increase of about 25s. a week without even applying for it.

Also, from an incentive point of view, one should not underestimate the disincentive which there can be in giving to the people generally a feeling that benefits are not being fairly distributed. That would certainly be one of the results which would follow. The party opposite have always greatly exaggerated the connection which there is between high taxation and, they say, a general condition of disincentive. They always completely ignore the fact that, during the days of the Labour Government, when, I admit, there was extremely high taxation, there was none the less extremely buoyant production.

. . . The other point on which this bears is its effect upon company profits. A remission of 6d. on the standard rate of Income Tax would affect not only individuals but, very much indeed, company profits—the amount of their profits which companies were able to retain. . . .

. . . The hon. and gallant Member must remember that this is a Finance Bill which contains the proposals for the Excess Profits Levy. I presume that the hon. and gallant Member will be marching through the Lobbies in a day or two's time in support of the Excess Profits Levy. For him to come along today to ask for 6d. off the Income Tax at the same time as he is supporting an Excess Profits Tax, which is a far more disincentive tax on risk capital than is Income Tax, is really nonsense. . . .

*Mr. Jennings:* I make no apology for supporting this Amendment, because when hon. Members opposite were sitting on this side of the House I supported a similar Amendment. I support this Amendment today for one or two simple reasons.

The first reason is that, from my knowledge of taxation generally, I believe that this country is now suffering under a penal system of taxation, and that it is high time that it was reduced. I believe that, from the point of view of the private individual, it is becoming increasingly difficult to maintain his home and educate his children, and that is particularly true of the professional classes. I can speak of many kinds of professional people who are suffering severely under this system of taxation and who should be given some relief immediately.

I do not put forward this argument on a party line, because I adopted the same course when I was in Opposition, but the expenditure in our Budget today has reached a vast amount and no Chancellor of the Exchequer for years past has even thought about economy. I do not know whether I speak for many of my hon. Friends on this side, but I take the view that it is high time that this Government instituted some inquiry into the reduction of taxation and the cutting down of Government expenditure generally, because that is what the country wants. I am perfectly sure that it could be done.

I should like to refer to company Profits Tax which has been mentioned by my hon. Friends who have spoken in support of this Amendment, and I would like to quote from a first-class article in the "Sheffield Telegraph" which appeared over the name of the City Editor on 13th May:

"Portals, makers of the paper for the Bank of England's notes, needed an extra £21,721 to maintain their plant. To get it they had to increase their profits by £120,000. The extra profits of £100,000 went down the tax drain."

The Committee will see from that quotation what a vicious system this is, and how it is having the effect of increasing prices to such an extent that firms may be able to retain sufficient money to keep their plant and machinery going. I make no apology for saying that, up and down the country, every chairman of a substantial company at annual meetings has said the same thing.

. . . . I believe that one of the greatest spurts to efficiency could be given if some relief could be obtained, not only for private individuals but for these companies as well.

I believe that the present Government now have a grand opportunity of starting what the great mass of the people now think they ought to do, and that is to cut down all Government expenditure in a big way and to provide for some taxation relief. People generally are not satisfied, and I personally am not satisfied, that the Government have done all they ought to have done in the shape of cutting down

expenditure in order to provide some relief of taxation. This penal system of taxation is a most serious thing, and it is now almost as high as it was during the worst years of the war.

It is dreadful that the mass of the people and industrial companies have to be drained by high taxation while the Chancellor is hanging on to a surplus of £500 million. I think that most of that money should be allowed to fructify in the pockets of people. [HON. MEMBERS: "Hear, hear."] I know why some hon. Members opposite are cheering; it is because they are looking forward to some share of the £500 million.

For these simple, and, I think, fair and honourable reasons, the Chancellor should have another look at the present system of taxation. If he cannot accept this Amendment, then let him say that he will see that great economies are, in fact, made during the next year, so that, on another occasion, he will be able to offer the people the remission of taxation which they require, and ensure that the drain that is now going on will be stopped. If he does so, he will find that industry will be able to maintain its plant and machinery, will be able to hold up its head, and, what is more important, compete in the export markets of the world.

*Mr. Norman Smith* (Nottingham, South): The hon. and gallant Gentleman wanted to reduce the Income Tax, and he and his hon. Friends argued that that would leave more money in people's pockets—as the hon. Gentleman the Member for Heeley (Mr. P. Roberts) said, "all along the line." Well, now, having got that money those people could do one of two things with it. They could either spend it, or they could invest it. But if they invested it, they would be using their own discretion. That is the essence of the argument of the hon. Member for Heeley. I am glad to see the hon. and gallant Member for Angus, South, nodding his head. The essence of their argument was that individuals should choose at their discretion the direction of individual investment. That is one thing that the Financial Secretary and the Chancellor of the Exchequer would not for one instant allow.

I did wonder, listening to their arguments, whether there was at last a revolt on the part of the business men against financial and other controls by the Government, because it looked like that. If this Amendment were carried, if this sum of money of £83 million this year were allowed to remain in the pockets of individuals, to that extent the employing and investing classes would be independent of bank overdrafts—and at a time when the Government have instructed the banks to tighten up on overdrafts. Surely hon. Members knew they were not going to get a concession in this direction.

It is one of those curious little coincidences that the cost of this concession would be £83 million this year, and it just so happens that £83 million by simple arithmetic, is the extra cost of Treasury bills in a full year in consequence of the increase in the Bank rate. A year ago the cost of Treasury bills was 10s. per cent. Now it is  $2\frac{5}{16}$  per cent. The difference is 1.81, and there are £4,400 million of Treasury bills outstanding now. If we multiply 1.81 by 44, we get £83 million—the extra cost of Treasury bills in a full year due to the increase in the Bank rate.

I hope the hon. and gallant Member for Angus, South,

and the hon. Member for Heeley will reflect upon that. But for the increased Bank rate, they could have had this concession without loss of revenue. If the hon. and gallant Gentleman the Member for Angus, South, wants to start a revolt by leading business men against the domination of finance, let him come to me, and I will help him and will give him a few ideas for his revolutionary proposal. He and I could make common cause.

The cleverest speech in the debate today was given by that accomplished practitioner of argument, the Financial Secretary, who devoted almost the whole of his time to pouring broadsides irrelevantly into my right hon. Friend the Member for Battersea, North (Mr. Jay), while ignoring the cogent arguments of the back-benchers on the other side of the Committee. There are two ways of looking at it. Most of my hon. Friends think that, if we were to leave all this £83 million this year in the hands of the well-to-do people, many of them would increase their expenditure on luxuries, such as hunters and packs of hounds, which are still going strong in my native Wiltshire. How do we know there would not be an increase in expenditure of that sort? That might happen.

Or it might be found, as the hon. Gentleman the Member for Hallam (Mr. Jennings) very clearly argued, that with more money in their pockets people would have the wherewithal to extend capital expenditure. I think that is a weakness of all their arguments, because it is the fact since 1945 the physical increase in the capital expenditure of this country, measured as a diversion of labour and materials from the production of consumer goods, has been higher than in any corresponding period in the whole of our history; not higher merely in financial terms, but higher in physical terms, in labour, materials, and so on. That rather does undermine the one valuable argument which they have.

*Mr. P. Roberts*: Is not capital expenditure now beginning to fall off?

*Mr. Smith*: That may well be. It is more than a pity that that is so. That arises out of certain intrinsic weaknesses of the monetary system, into which I may not go without being out of order. I hope that the hon. and gallant Member for Angus, South, will be gallant in the literal sense, that he will push his Amendment to a Division; and if he does, although I have grave reservations as to his arguments, I shall fortify his courage by going into the Lobby with him.

*Mr. Chapman*: . . . It is, therefore, true—and the Financial Secretary is misleading the Committee in this

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matter—to say that even when the social benefits are taken into account hundreds of thousands of people, perhaps millions, including clerks, distribution workers, relief workers and people like that, who have between £5 and £9 a week, are, in effect, paying for the increased Income Tax reliefs for those with over £1,000 and £2,000 a year. That fact cannot be sufficiently stressed. The Financial Secretary got away with it too easily by saying that the social benefits had to be taken into account, for he did not take them in account at all but ran away from the whole problem. . . .

Amendment negatived.

Motion made, and Question proposed, "That the Clause stand part of the Bill."

## ELECTRICITY

### Generating Plant (Output Capacity)

*Sir A. Gridley* asked the Minister of Fuel and Power the total generating plant capacity available in the aggregate in all the power stations of the British Electricity Authority on 31st December, 1951; and what aggregate additions thereto for operation on 31st December, 1952, have been authorised by him as part of the Authority's capital investment programme.

*Mr. Geoffrey Lloyd*: The output capacity of the power stations of the British Electricity Authority on the 31st December, 1951, was 14,147,000 kilowatts. They have been authorised under the capital investment programme to bring into operation 1,250,000 kilowatts of new plant in 1952.

### Sales

*Sir A. Gridley* asked the Minister of Fuel and Power how many units of electricity were sold by all the area boards to their consumers during the years ended 31st March, 1951 and 1952, respectively; and, separately, for the three months ended 31st March for the same years, in continuation of his Department's statistical digest.

*Mr. Geoffrey Lloyd*: The British Electricity Authority sold 46,580 million units in the year ended 31st March, 1951, and 50,480 million in the following year. The number of units sent out in the first quarter of 1951 was 15,660 million and in the first quarter of 1952, 16,412 million.

## FUEL AND POWER

### Petroleum Equipment Contracts (British Firms)

*Dr. Bennett* asked the Minister of Fuel and Power what considerations have prevented or deterred British manufacturers of equipment for oil refineries and installations from tendering for recent large-scale projects in the United Kingdom and elsewhere in the Commonwealth and Empire; and what administrative steps he is considering in order to afford encouragement to British firms to tender, bearing in mind the great sums in dollars and great opportunities for British industry that are lost to this country by leaving the field entirely to American firms.

*Mr. Geoffrey Lloyd*: I understand that the oil companies find it necessary to employ as main contractors firms which have had the greatest experience on these large-scale

projects. The maximum amount of civil engineering work as opposed to the erection of technical plant is, of course, always carried out by British contractors.

As regards the second part of the Question, My Department has, for some time, been giving every encouragement to the manufacture of petroleum equipment in this country, but the question of tendering is a matter between the oil companies and the manufacturers.

### American Tariffs (Reply to Note)

*Mr. Holt* asked the President of the Board of Trade if Her Majesty's Government has yet received a reply to its Note of the 9th April addressed to the United States Government expressing concern at the possibility of an increase in certain American tariffs.

*Mr. H. Strauss*: Yes. The State Department reply was received by Her Majesty's Embassy in Washington on 7th May. The following is the text:

The British Embassy's aide memoire of 9th April, 1952, expressing concern at the number of applications presented to the United States Tariff Commission for action under Section 7 of the Trade Agreements Extension Act of 1951 has been given careful study in the Department of State.

It is true that in recent months there has been an increase in the number of investigations ordered by the Tariff Commission in response to applications from United States industry. Furthermore, it is recognised that several of these investigations relate to products of importance in the export trade of the United Kingdom, and other countries which have made serious efforts to increase their dollar earnings by sales to the United States, and which are concerned lest these efforts be frustrated.

The Department of State has always taken the position that modifications of duty concessions should only be made in cases of genuinely serious injury or threat of injury resulting from trade commitments. The Government of the United States and of the United Kingdom are in complete accord in their insistence that the obligations in Article XIX of the General Agreement on Tariffs and Trade should be scrupulously observed, and that Article XIX should not be invoked merely because a concession results in more vigorous competition from imports.

Furthermore, it is the opinion of the Department of State that in cases where modifications of duties are made as a result of escape clause investigations, such modifications should be kept under constant review to insure their remaining in force for only such time and to such extent as is necessary to prevent or remedy the injury to domestic industry. Accordingly a system providing for the periodic investigation and report by the Tariff Commission on all escape clause actions is in the process of being established.

The attitude of the United States Government on the basic principle of lowering barriers to international trade remains unchanged, and any tendency to deviate from the principle, wherever it may arise, is the subject of concern to the Department of State. Co-operative action among all free nations to reduce and minimise trade barriers between us is essential if we are to provide a strong economic basis for our mutual security and progress.

### SOCIAL CREDIT SECRETARIAT:

(London Meeting).

Supporters of the Social Credit Secretariat and regular readers of *The Social Crediter* are invited to apply for tickets of admission, price 2/6 each, to a Meeting to be held in London on July 12 (6-30 p.m.). Dr. Tudor Jones will address the Meeting.