

THE SOCIAL CREDITER

FOR POLITICAL AND ECONOMIC REALISM

Vol. 29. No. 3.

Registered at G.P.O. as a Newspaper.
Postage: home 1½d. and abroad 1d.

SATURDAY, SEPTEMBER 13, 1952.

6d. Weekly.

Social Crediters of Quebec and Major Douglas

Convention's Congratulatory Message

Under distinguished leadership, the Social Crediters of French Canada, growing rapidly in number, have just held their annual Convention, an event characterised by every sign of increasing activity, resolution and influence.

From the Secretary to the Convention, M. Jean Grenier, Major Douglas has received the following telegraphic message:—

MAJOR C. H. DOUGLAS, FEARNAN, BY ABERFELDY, SCOTLAND:—QUEBEC SOCIAL CREDITERS IN CONVENTION CONVEY THEIR HIGHEST REGARDS TO THE GREAT MAN WHOSE GENIUS DISCOVERED AND MADE KNOWN TO THE WORLD THE ENLIGHTENING AND FAR-REACHING TRUTH OF SOCIAL CREDIT—

JEAN GRENIER, SECRETARY.

In the absence of a comparable formal occasion, *The Social Crediter* warmly seconds these felicitous words, which also are just words, which we hope will not be forgotten.

Letters from England

(By Robert Southey).

(Continued.)

[These extracts are from the edition by Jack Simmons: Cresset Press, 1951.]

Letter VII. p. 50 (April 27, 1802.)

... My way lay by St. Paul's church. The sight of this truly noble building rather provoked than pleased me. The English, after erecting so grand an edifice, will not allow it an open space to stand in, and it is impossible to get a full view of it in any situation. The value of the ground in this capital is too great to be sacrificed to beauty by a commercial nation: unless, therefore, another conflagration should lay London in ashes, the Londoners will never fairly see their own cathedral... Except St. Peter's, here is beyond comparison the finest temple in Christendom... Letter XXIV. p. 133. (Complexion of the English contradictory to their historic Theories...)

The prevalence of dark hair and dark complexions among the English is a remarkable fact in opposition to all established theories respecting the peoples of the Island. We know that the Celts were light or red-haired, with blue eyes, by the evidence of history; and their descendants in Wales, and Ireland, and Scotland, still continue so. [Note. We

are accustomed, in England today, to think of Celts as dark-haired people. But there are fair-haired Celts as well, and the Romans always described them as such. See H. Hubert, *The Rise of the Celts* (1934), 28-32.] The Saxons and Angles, and Danes, were of the same complexion. How is it then that the dark eyes and dark hair of the South should predominate? Could the Roman breed have been so generally extended, or did the Spanish colony spread further than has been supposed? Climate will not account for the fact; there is not sun enough to ripen a grape; and if the climate could have darkened the Danes and Saxons, it would also have affected the Welsh; but they retain the marked character of their ancestors. The proper names afford no clue; they are mostly indigenous, and the greater number of local derivation... .

Letter XXVI. (Poor-Laws... Dangerous State of England during the Scarcity... .)

With us charity is a religious duty, with the English it is an affair of law. We support the poor by alms; in England a tax is levied to keep them from starving, and, enormous as the amount of this tax is, it is scarcely sufficient for the purpose. This evil began immediately upon the dissolution of the monasteries. (Editor's note. It would be in character for a Catholic to take this view of the Dissolution, but Southey himself largely subscribed to it—see for example his *Essays, Moral and Political*, i. 171-2). It is, however, ill founded. The Dissolution of the Monasteries cannot be shown to have inflicted serious hardship upon the poor except in the North of England.) They who were accustomed to receive food at the convent door, where they could ask it without shame because it was given as an act of piety, had then none to look up to for bread. A system of parish taxation was soon therefore established, and new laws from time to time enacted to redress new grievances, the evil still outgrowing the remedy, till the poor laws have become the disgrace of the statutes, and it is supposed that at this day a tenth part of the whole population of England receive regular parish pay... .

... The principle upon which the poor-laws seem to have been framed is this: The price of labour is conceived to be adequate to the support of the labourer. If the season be unusually hard, or his family larger than he can maintain, the parish then assists him; rather affording a specific relief than raising the price of labour, because, if wages were increased, it would injure the main part of the labouring poor instead of benefiting them: a fact, however mortifying to the national character, sufficiently proved by experience. They would spend more money at the alehouse, working less and drinking more, till the habits of idleness and drunkenness strengthening each other would reduce them to a state of helpless and burthensome poverty. Parish pay, therefore, is a means devised for increasing the wages of those persons

only to whom the increase is really advantageous, and at times only when it is really necessary. (Editor's note. The systematic payment of relief from parochial funds to supplement wages was becoming general at this time, following the example set by the Berkshire magistrates in 1795.)

Plausible as this may at first appear, it is fallacious, as all reasonings will be found which assume for their basis the depravity of human nature. The industrious by this plan are made to suffer for the spentrift. They are prevented from laying by the surplus of their earnings for the support of their declining years, lest others not so provident should squander it. But the consequence is that the parish is at last obliged to support both: for, if the labourer in the prime of his youth and strength cannot earn more than his subsistence, he must necessarily in his old age earn less. . .

During the late war the internal peace of the country was twice endangered by scarcities. Many riots broke out, though fewer than were apprehended, and though the people on the whole behaved with exemplary patience. Nor were the rich deficient in charity. There is no country in the world where money is so willingly given for all public purposes of acknowledged utility. Subscriptions were raised in all parts, and associations formed, to supply the distressed with food, either gratuitously, or at a cheaper rate than the market price. . . . With all its boasted wealth and prosperity, England is at the mercy of the seasons. One unfavourable harvest occasions dearth: and what the consequences of famine would be in a country where the poor are already so numerous and so wretched, is a question which the boldest statesman dares not ask himself. When volunteer forces were raised over the kingdom, the poor were excluded; it was not thought safe to trust them with arms. But the peasantry are, and ought to be, the strength of every country; and woe to that country where the peasantry and the poor are the same!

Many causes have contributed to the rapid increase of this evil. The ruinous wars of the present reign, and the oppressive system of taxation pursued by the late premier, are among the principal. But the manufacturing system is the main cause; it is the inevitable tendency of that system to multiply the number of the poor, and to make them vicious, diseased, and miserable. (Note. This was a theme to which Southey constantly returned in his letters and his published works: see Simmons, *Southey*, 151-5).

To answer the question concerning the comparative advantages of savage and social states, as Rousseau has done, is to omit high treason against human nature, and blasphemy against Omniscient Goodness; but they who say that society ought to stop where it is, and that it has no further amelioration to expect, do not less blaspheme the one, and betray the other. . . .

(To be continued).

ODLUM v. STRATTON

In the High Court of Justice, King's Bench Division.
before Mr. Justice Atkinson

June 21 to July 29, 1946.

(Verbatim report of the proceedings)

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PARLIAMENT

House of Commons: July 29, 1952.

(Continued).

Economic Position[*]

Mr. Norman Smith (Nottingham, South): I want to draw the attention of the Government to the immediate, tangible, palpable, undeniable consequences of their Bank rate policy in so far as that policy has been pursued up to now. It was the Chancellor of the Exchequer himself who said in this House in his Budget speech:

"One of the surest ways to make sterling stronger is to make it scarcer, and that is what we intend to do."—[OFFICIAL REPORT, 11th March, 1952; Vol. 497, c. 1282.]

Those words were underlined in the Second Reading debate on the Finance Bill by a back-bencher on the other side, of whom not so much notice is taken as ought to be taken. I refer to the hon. Member for Oswestry (Mr. Ormsby-Gore), whom I do not see in the House. His noble father is in the apostolic succession to the late Reginald McKenna as Chairman of the Midland Bank. I suspect that the father was speaking when the son said in this House, echoing the Chancellor's words:

"I therefore welcome this policy of making money scarcer and dearer." [OFFICIAL REPORT, 7th April, 1952; Vol. 498, c. 2394.]

Let us look at how it works out. The Government announced in November the raising of the Bank rate from 2 per cent. to 2½ per cent., and in February from 2½ per cent. to 4 per cent. The consequences happened with almost automatic precision, like a delicately articulated mechanism. . . . The way the Government propose to encourage the farmers is by raising the Bank rate to have this effect on the interest charges of the Agricultural Mortgage Corporation—that in November, 1951, following the first rise in the Bank rate, up went the Corporation's rate from 4½ per cent. to 4¾ per cent.; and in February, 1952, following the second rise in the Bank rate, up it went from 4¾ per cent. to 5½ per cent. . . .

. . . Not only the Agricultural Mortgage Corporation but Public Works Loan Board have raised their charges. That has been discussed in this House before, and I am not going to be guilty of repetition. We know what happened. Because of the effect upon the cost of housing, of which loans comprise the most important ingredient, the Government had to introduce a Housing Bill raising substantially the subsidies on council houses, burdening the taxpayers with more than £3 million per annum. Again the reciprocal of that statement applies. The taxpayers are mulcted in another £3 million. But somebody gets that money. The banks and all sorts of people ultimately lend it, but it is the taxpayers who are mulcted for the benefit of moneylenders.

But the loans of the Public Works Loan Board are not confined to housing. They apply to all kinds of other local activities, such as the building of schools, hospitals, roads, river improvements and goodness knows what else. There is no special Bill passed to compensate for these added

[*] Readers will not of course confuse Mr. Smith's opinions with those from which this journal takes its origin. (Editor, T.S.C.)

interest charges which are a substantial burden on the rate-payers. I am told that in my constituency of Nottingham the City Council pays $4\frac{1}{2}$ per cent. for its running week-to-week overdraft, and I further understand that that $4\frac{1}{2}$ per cent. is a comparatively favourable rate of interest.

But by far the most egregious instance of the effect of raising the Bank Rate is to be found in the cost of Treasury Bills. For short-term borrowing by the Government, Treasury Bills are a very important item. Outstanding today there are £4,200 million of them. When this Government came in there were £5,300 million of them. They funded £1,000 million at a cost of £15 million per annum to the taxpayer. That was new Government expenditure because Treasury Bills were funded and interest went up from 10s. per cent. to $1\frac{3}{4}$ per cent. or a little less.

But that was only the exordium, the prelude. The big business was to come. Since this Government came in, because—in the Chancellor's words—they have made money scarcer and dearer, the interest rate on Treasury Bills, two months or three months, has risen by about 2 per cent. It used to be 10s. per cent. a year ago. Now it is $2\frac{13}{32}$ in the case of two months' Bills, and $2\frac{15}{32}$ in the case of three months' Bills.

Remember, there are £4,200 million of these Bills running altogether, 60 per cent. held by the banks and 40 per cent. held by some striped-trousered gentlemen who call themselves the money market. It is simple multiplication to arrive at this fact, that because of the increase of interest and because money has been made scarcer and dearer, more than £80 million a year has been added, in respect of the Treasury Bills still outstanding, to the cost which the taxpayer has to meet to pay the interest on short-term loans. There is very nearly £100 million a year additional Government expenditure falling on taxpayers merely to meet the cost of short-term borrowing in the money market in the City of London. This is perfectly preposterous.

Nothing is ever said of this £100 million, and no responsible politician or statesman or newspaper of any political persuasion calls attention to it. It is simple arithmetic which I learned at school in 1895 when I was five years of age. The Government will fight tooth and nail in this House to bring in a Bill to extract £20-odd million from the people who, like me, take prescriptions to the chemist . . . but they have quietly added some £95 million per annum for financing Treasury Bills in 12 months. That needs explaining. It is not only the £95 million or £100 million per annum added burden on the taxpayers. How does this help the balance of payments, when the Government take money out of the pockets of the farmers, the ratepayers and taxpayers in this way and give it to the moneylenders? The matter goes further than that. The Electricity Board have recently put out a loan of £150 million. I know that loan is not a straightforward thing. It is not what it looks like; it is not quite what it pretends to be. There is this to be said about it—and I am quoting from the "News Chronicle" financial correspondent, Mr. Oscar Hobson, a knowledgeable man to whose writings I pay tribute, though I do not agree with him in anything. He wrote on 24th April:

"This stock affords the highest running yield (£4 5s. 10d. per cent.) of any dated Government stock."

If that is the burden which is going to fall upon the users of electricity, every consumer in the land will have to

help to carry it. I do not see how it helps the balance of payments to make my wife pay more for the electricity she uses, when the extra money which she pays goes to some striped-trousered gentleman whose business it is to lend money. . .

. . . I do not believe that that market serves any useful purpose whatsoever. It consists as to 60 per cent. of the commercial banks and as to the remaining 40 per cent. of people who call themselves acceptance houses, discount bankers or what you will. They run around all day for as many hours as there are in the working-day of the City of London. The situation changes from hour to hour. They are on the telephone; they have messengers and runners, and every now and again, in deep and abject humiliation, they go to the Bank of England to be punished more or less as their master may decide. I do not believe that their activities serve any purpose whatever from a social or business point of view, and I suggest that the time has come when the whole money market business should be converted into one exchange department of the Bank of England and run accordingly.

The time has come when the commercial banks should be nationalised. Either they are run for profit or they are not. If profit is not their motive, there is no sense in leaving them to carry on as private enterprises; and if profit is their motive, they cannot be defended, because what the Conservative Government is doing in raising the Bank rate is taking money away from the ratepayers, taxpayers, people who are buying houses, people who are consuming electricity, farmers and all the rest, and handing it over to the banks and profit-making institutions.

But I do not think that the banks are run mainly for profit. There is plenty of evidence that they are not. After all, the profits have remained remarkably stable over the last 15 or 20 years. They have paid out year by year to their shareholders almost exactly the same amount. But consider the appalling waste of manpower which is entailed in the running of these competitive banks. On every street corner there are four, five, or in some cases half a dozen competing branches of the various banks.

I have had a modest banking account ever since 1913. I have never known banks in the City of London or the country to be crowded except on Fridays. There are far too many branches. We know why they are there; the late Walter Leaf, Chairman of the Westminster Bank, explained that because of their multiplicity of branch premises—many admittedly redundant—the banks were able to accumulate vast hidden reserves which exist in the form of premises that have been either written down or written off in the books.

There has been a hullabaloo lately because the banks are said to have lost money due to the fact that gilt-edged securities have fallen. Gilt-edged securities were bound to fall once the Bank rate started to go up. I do not need to explain the reason for that. But I deny that the fall in these securities has really hurt the banks. The banks are not quite so foolish as to have among their investments any of those Government securities which are undated. I am quite sure that the banks' holdings of Government securities are dated and therefore have an eventual redemption value

(Continued on page 7.)

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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: SEFton Park 435.

Vol. 29. No. 3.

Saturday, September 13, 1952.

From Week to Week

Mr. Baruch, looking at Mr. Eisenhower, is reported to have said: "You can tell I do not hate him." The unhated had been discussing inflation with the unhater. Both candidates for the American Presidency are now on Mr. Baruch's short list, and since, from his point of view there is nothing much to choose between them, we may take it that there is. But we came to that conclusion some time ago in company with a small minority of intelligent Americans. Probably they will not vote, and, as usual, those who do won't know why they do, and will never be any wiser.

We may record it as one of the signs of a reopening of the discussion of credit (real and financial) as a prelude to the alleviation of the lot of producers (not of consumers) arising from the break-down of the financial system predicted by Major Douglas as one of the consequences of the second phase of the world war that Professor W. T. Baxter (Accountancy, University of London) has been writing in the *Westminster Bank Review* on the accountant's share of responsibility for the ills of booms and slumps under the 'historic' system of accounting. He admits that "The acceptance of money terms on their face value in accounts could be misleading. For this reason alone, some compensatory measures were needed to give the 'true' purchasing power of money." As we have stated before, we, for our part, are not objecting to *how* accounts are cooked, to placate this interest or to serve that, but to the fact that they are cooked at all. It is not necessarily a Social Credit advance that there should come about a disposition to admit that the accounts are cooked accompanied by however serious an undertaking to cook them still 'better' in future.

A correspondent in Freemantle, Western Australia, is surprised that the Communist Party is permitted to pay high rates for newspaper advertising of "New Soviet Classics" ranging in price from 2/6 to 22/6. These things

On Planning The Earth

By GEOFFREY DOBBS.

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are done much better in the 'old' country, where cheaper prices are paid to the columnists and broadcasters, story-writers and novelists, and their output cleverly labelled 'anti-communist' by editors and 'publicists' who know how little the label matters if the poison is in the bottle.

That curiously guided review *The Spectator* thinks that because "Herr Krupp was a rich man before the war he naturally remains a rich man still." England is populated by exceptions to this 'natural' law—as well as to some others. Apparently the only property which is not to be confiscated is foreign, and particularly German and American property. The mitigation of Alfred Krupp's original sentence was the work of the American High Commissioner in Germany. Was there any consultation with Her Majesty's Government? Or was it merely a case of Mr. Baruch's 'not hating Herr Krupp'?

We have not seen the translation of Magna Carta done in 1629 for Robert Cotton, and cannot vouch for its sufficiency. It has been issued by H.M. Stationery Office, together with a process copy of the Charter of King John, for 3/6d. We shall watch with attention the effort which is being made to attach the present Lord Mayor of London to the function of a predecessor, which was to be one of "five and twenty barons appointed to be a Committee to enforce the observance of the Charter." J. M. D. Meiklejohn in his "History of England and Great Britain" says that it was for this purpose that they were empowered to hold the Tower and City of London. Whoever holds the Tower, we know who holds the City for the time being.

We still cannot see quite what it is that recommends MacArthur (the Magnificent) to acceptance as a heaven-born political genius by fans in the States and in Canada. Heaven-born political geniuses don't ride (much less think they are going to ride but don't) on the shoulders of the Tafts of this world to any destination that matters to anyone but themselves.

By C. H. DOUGLAS.

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The Cabinet Council

In his *Writings of a Rebel* (Sterling Press, 5/-) Commander Geoffrey Bowles, R.N., includes the following letter by his father, to *The Times*. The document is of interest to any discussion of the decline of Parliament:—

THE KING AND CABINET.

BY THOMAS GIBSON BOWLES.

From THE TIMES. 19th October, 1901.

Your able and suggestive leading article of October 15th on the Cabinet and its evolution or degeneration touches the very root of the whole matter.

A well-founded jealousy of certain monarchs having been sedulously cultivated by the banded Whig families of the Revolution into an ill-founded jealousy of all Monarchs, the English people have long been made to believe that the enemy is the King and the danger his prerogative; and that it is therefore necessary that the power of the Crown should be diminished and that of the Minister increased. Hence the evolution of the Cabinet and the Cabinet Council.

As a humble student of Constitutional history and an attentive observer of the Constitution in latter-day action, it seems to me that this set purpose of diminishing the Royal authority in order to increase the Ministerial authority has manifestly been continued too long and pushed too far; that the balance of power in the Kingdom has been dangerously disturbed to the great mischief and trouble of the State; and that, if we would escape greater mischief and trouble, the time has arrived when the Sovereign should exercise somewhat more and the Minister somewhat less power.

The highest executive authority known to the law is the King—not indeed the King alone, but the King in Council, which means the King in Privy Council. Now the Privy Council is a most ancient, illustrious, and august body of councillors, prime in importance among the acknowledged institutions of the kingdom. It has its own President, an officer of great dignity, its own oath, binding to secret and faithful counsel, its own book, wherein its proceedings are recorded by the Clerk, its own high functions, and the traditions of ages behind it. By and with its advice the sovereign may do almost anything; without it almost nothing. But being thought, even when having only 30 members, too numerous a body for confidential dealing with high affairs of State, it was, while nominally left with all its attributes, superseded in practice by the Cabinet Council and is now an honorary body of over 200 members, retaining indeed all the machinery for action and all the insignia of dignity, without any of the weight of importance that belongs to the actual exercise of power.

The Cabinet Council, on the other hand, which has inherited, or as some would say, usurped, the functions performed during centuries by the Privy Council, has none of the signs of dignity. It is body huddled away at once from public recognition and public control, and surrounded, as well in its origin as in its proceedings, by a strange and mysterious secrecy. No man can point to any authority for its creation, or explain by anything but usage, without explicit authorisation, its continued existence. It is unknown to the law. It finds no place or recognition in any part of the Constitution. It keeps no records and is, therefore, so conducted as to make

it impossible for anyone—even for itself—to say what it has done or what refused to do. It has indeed been erroneously represented to be a committee of the Privy Council, but that Council never either named it or committed anything to it. It gives no guarantees and is under no safeguards for its conduct. Nevertheless, this incredible and elusive body it is which has taken, and has been allowed to take and keep, all the superior executive governing power of the Empire. What it decides the King in Council performs. The highest national issues of peace and war, treaties, alliances, policy, and legislation are determined by it, regardless of its having no other existence or credit than that which belongs to the secret conclave of a party cabal banded together for party purposes.

This amazing body has not only existed for over 200 years, but in the course of that time it has persistently sought, like an Oriental despot to kill all that lay near to its power. And it has met with no little success. The Sovereign, it is boasted, has been reduced to a condition in which he may indeed reign as a pensioner, but must not govern as a King. The Privy Council has been extinguished except for the sake of its oath, which the Cabinet Council, having none of its own, is forced to borrow, and has now become an honorific mob containing, indeed, besides the Ministers past and present a few men of commanding abilities, such as Mr. Jesse Collings, Sir Frederick Milner, Mr. William Kenrick, and Sir Bernhardt Samuelson, but composed for the most part of reputable persons whose counsel on high affairs of State can hardly be considered invaluable. But the quality of the Privy Council matters no longer. Being found, as was said, too numerous for secret counsel, it has been superseded by the Cabinet Council. The Cabinet Council for the same reason is said to have been superseded for the most important business by the Inner Cabinet. But, as you truly observe, the keystone both of Cabinet and of Inner Cabinet is the Prime Minister. And now it appears that the Prime Minister has dropped out of the arch into what I see described as the "inaccessible sub-tropical gardens" of Beaulieu.

Under these circumstances the humblest student and observer may be pardoned for asking where we stand, how we got there, and whether it is prudent or safe to remain there, much less to go on in the same direction.

Yet in that same direction we are proceeding at a greatly accelerated rate. From the Revolution of 1688 there has been a continuous increase in the power of the Minister, and as continuous an evasion or destruction of all that could moderate or limit that power; until now we are rapidly reaching a point, if indeed, it be not already reached, when the Minister will escape all control either by King or Parliament. The statesmen who embodied the principles and safeguards of the Constitution in the Bill of Rights and the Act of Settlement little contemplated this. The latter Act provided that no placeman should be capable of sitting and serving in the House of Commons. It also provided that "all matters and things relating to the well governing of this Kingdom which are properly cognizable in the Privy Council by the laws and customs of this Realm shall be transacted there, and all resolutions taken thereupon shall be signed by such of the Privy Council, as shall advise and consent to the same." These two provisions were repealed in 1705 before the time appointed for them to become oper-

ative. By the repeal of the latter the Minister was relieved from the obligation to consult and convince the Privy Council in great affairs of State, and from the perhaps more important obligation to leave a record of his acts; whereby he became untraceable in and unpunishable for his doings, and, in fact, irresponsible. By the repeal of the former, the rule that no placeman should be capable of serving in Parliament was in effect replaced by the rule that no man should be capable of becoming a placeman unless he served in Parliament. This Ministerial irresponsibility was secured by Parliamentary complicity. The Minister and the House of Commons had combined against the Sovereign, the House sharing in some of the power and all of the plunder; and to the maxim, "The King can do no wrong" was now added the maxim, "the Minister can do any wrong, but cannot be made responsible for it."

But the Sovereign having been removed out of the effectual government of the country by House and Minister combined, the Minister at this day seeks, in the sight of all men, to remove equally the House of Commons, and thus to leave himself the sole effectual power in the State. The right of initiation, whether in legislation or otherwise, has been taken almost entirely away from the House by the Minister. The right of calling for the remedy of grievances before granting Supply has been so pared away that scarce a trace of it exists. The right of free speech, or of any speech at all, on any subject at all, is so fenced about by rules, mostly new and made by the clerks at the table to shut up loopholes, that it can only be exercised at the will of the Minister. Each session witnesses new additions to the closely woven net wherein the feet of the private member are entangled should he dare attempt to "raise" any matter whatever in any form whatever; each session brings new restrictions on the powers of the House, new additions to the power in it of the Minister. And now we are being told that still further additions are intended to be made to the rules, the closure, the gag, the guillotine, and to policeman, whereby the Minister imposes his will on the House. The King reigns, but may not govern, and now it is to be, the House votes, but may not debate.

Having destroyed the Sovereign, the Minister is now in the course of destroying the House, and, for want of spirit in the Assembly, has already so nearly succeeded that there is to-day scarce a House of Commons left.

Thus the Minister has gained in power at the cost both of Sovereign and of Parliament, and is now practically a dictator shrouded in secrecy and irresponsibility.

The enemy, in short, is no longer the King, but the Minister; the danger no longer the prerogative of the former, but the irresponsibility of the latter.

Nevertheless, in spite of all, the Constitution remains as it was, and the rights of the Sovereign and of the House only require to be asserted and enforced, for they cannot be denied.

Why, then, should the King not resume the exercise of his right to preside at the Cabinet Council?

The practice of deciding on great affairs of State in a purely private cabal of Ministers, requiring no quorum, keeping no records, subject to no rules, and wholly removed from the public eye, is in many respects dangerous. But in none is it more dangerous than in this—that human nature being what it is, we must expect when the chiefs of a party

are privately brought together to exercise power under these conditions, that they will be tempted to discuss and decide upon public affairs, primarily with a view to the interests of the Party, and only secondarily with a sole view to the interests of the State.

The King, however, is outside and above all parties, and his sole interest is the preservation of his kingly dignity and of the State whence he derives it. If, therefore, the King presided at the Cabinet Council, some of the evils now belonging to that body would be removed or diminished, and some new safeguards and additions would arise.

What is done of State business in the Cabinet Council cannot be, must not be, and is not concealed from the King, nor can it eventuate in action unless with his consent. What is done, indeed, is now only communicated to him when decided; and how much better that he should hear it discussed and himself take a part in the decision he is expected to carry out.

The King would then hold, as it were, a communicating link and maintain a continuity between successive Administrations, and the inconvenience of the absence of records would thus to some extent be obviated.

The King, again, has means of information, especially with reference to foreign affairs and the designs and intentions of foreign courts, often, nay, usually, of far more trustworthy origin and greater value than any accessible to the Minister. He could therefore often impart to the Cabinet Council, were he habitually to preside at it, such information as might be of the highest value and the greatest importance in its effect on the decisions to be taken.

There are, moreover, occasions when the King is, as it were, left all alone without a Ministry to advise him. When a Cabinet resigns it is the King who must decide what Statesman shall be sent for to form another Cabinet, and who must practically decide alone. It is a supreme moment of the uttermost importance. In such a moment it would be of the greatest assistance to the Sovereign if he had previously acquired in Cabinet Councils a knowledge of the various Statesmen among whom he had to choose, a knowledge not merely of their personal qualities in private life, but of their statesmanlike quality in public action, of their ability and good sense as displayed in the confidential and uncontrolled discussions of the Cabinet, and of the soundness of their judgement as shown by the event. This consideration may at some future moment prove important, for times have been when, foreseeing a proximate retirement of a Premier, cohorts of cousins and relays of relations have banded themselves together in advance to force the hand of the Sovereign, to compel him to send for no other but one of themselves, and thus to perpetuate a Nepaulese heredity in the Premiership.

The King, presiding at a Cabinet Council, would represent the State at large, and in his presence it would be impossible to debate State affairs otherwise than with a principal view to State interests; or party interests, if at all, otherwise than as subsidiary thereto. A Cabinet Council presided over by the King could no longer be, or be suspected to be, the conspiracy of a faction. In his presence and under his presidency it must become a Council of State.

Such a Council, under the presidency of the Monarch, who represents all the interests of all the Empire, would

probably inspire much more confidence, for instance, in Ireland and among Irish Members, than one exclusively composed of the representatives of English interests, and the uncontrolled chiefs of parties, committed to what the Irish hold to be an unjust and evil Irish policy.

Why, then, should the King not attend and take part in those meetings of his confidential servants known as Cabinet Councils?

I can divine some reasons why a Minister, intent mainly on the promotion of party interests, the maintenance of his own irresponsibility, or the increase of his own power, should object to such a thing. I see no reasons of State against it, nor any that could be defended on the ground of public welfare.

This is no new thing. It is a thing only in abeyance. Queen Anne presided over her Cabinet Councils, which met once every week. George I did not follow her example only because he understood no English, and since then the usage has been to leave Cabinets to deliberate and decide alone without a sovereign. Nevertheless, the Sovereign still presides over the Privy Council, which is dignified but powerless; and it seems, therefore, especially unreasonable that he should also not preside over these select few of that Council forming the Cabinet, which though unrecognised, is all powerful.

With the decreasing power of Parliament, with the increasing power of the Minister, and the increasing need of some check thereon, we may well turn to the Sovereign with the hope that he will resume the exercise of his undoubted right to preside over that Cabinet Council which disposes of the destinies of his Kingdom.

The House of Commons has before now been induced to combine with the Minister against the Crown in the interests of liberty and good government. It is now time that, in the same interests it should look to the Crown to assist in preserving the State from the dangers of an uncontrolled Minister.

Your faithful servant,

THOMAS GIBSON BOWLES.

25, Lowndes Square.

October 18th, 1901.

PARLIAMENT—

(continued from page 3.)

which is unalterable. The banks have only to hold on to them, and they will not lose money.

Nobody is saying that the banks are obliged to sell those holdings, which have deteriorated because of the Government's policy. It may be argued that the banks might have to sell if there were a run on them. Such a thing as a run on the banks is surely quite inconceivable. If it is conceivable, the sooner the banks are nationalised the better. If the banks were nationalised we should be able to bring about far-reaching reforms and get rid of chronic nuisances. If a Government desired to increase the Bank rate and tighten up credit, there would then be no need to expose themselves to the charge which every Conservative candidate will have to meet at the next election—of putting money into the pockets of moneylenders. All this work should be done by one nationalised bank.

The first consequence would be that the investments of all the banks, which now amount to some £2,000 million, could be converted into Treasury notes. The investments could be washed out and Treasury notes substituted to form the necessary assets of the banks against deposits. In that way the taxpayers would be saved the interest, which I estimate at £50 million to £60 million less Income Tax. That would be a substantial saving. There would be no point in the nationalised bank holding Government securities which were bits of paper said to be a debt against the Government. We should just cancel them out and save the interest, substituting non-interest-bearing £ notes.

Moreover, we could shut down large numbers of these redundant branch premises. The manpower of the banks has risen in the last few years. In 1939 they had a clerical staff of 64,300. By the end of the war it had fallen to some 50,000; but by 1948 it was up to 81,500, and it has gone on increasing year by year until last year it was 86,800, or 35 per cent. above the pre-war figure. One hears talk about the waste of manpower in the Civil Service. The waste of manpower in the commercial banks also needs looking into. If the banks were nationalised and the money market brought to an end, nobody would lose anything. A whole lot of wasteful, competitive, capitalistic activities would be brought to an end and, above all, a source of loss of confidence would be suppressed.

There is another very important question arising out of the present policy of allowing private banks to co-exist with the nationalised Bank of England. Under the 1946 Act the Bank of England had the power, in theory, to dictate to the commercial banks, but in practice it does not do so. It makes suggestions to them. There has been no dictation. All the time Sir Stafford Cripps was trying to deflate and squeeze the water out of our monetary economy by heavy taxation—having got the public's money in taxation, he destroyed it—the banks, at the other end, were creating additional credit and lending it to industry at their own sweet will, acting under the motive of private profit.

I have the figures for the increase in bank deposits during those years. I do not propose to weary the House by giving them; they are well known; but it stands to reason that if anybody is going to create new money, it should be the Government and nobody else. I do not know if any hon. Members have read the works of two very distinguished American writers—Thorstein Veblen, who died 20 years ago, or Stuart Chase, who is still alive. They are economists who, unlike most economists, can write English perfectly. They have a habit of making their books live and have never been inhibited by political preconceptions in the way that political writers on both sides of the House in this country are inhibited.

Long ago—20 years ago and more—they drew attention to the obvious necessity of a continuous increase in the total quantity of money in a country, due to the continuous increase in population and productivity, the latter resulting from science and inventions. Obviously there must be a continuous increase in the quantity of money.

When I was a boy bank deposits were £1,000 million; at the end of World War I they were £2,000 million; at the end of World War II, £4,000 million; and now, nearly £6,000 million. All this increase represents new money brought into existence by the banks, merely by making book

entries—all coming into existence as debt owed to the banks. These two writers in America pleaded that this increase should be socialised. If one socialises the increment of money resulting from the continuous increase in population and in wealth, one socialises the future.

I wonder that my hon. Friends, the Fabians and all the rest have never seen that. The reason they have never seen it is because they have been prevented from seeing it, partly by the late Mr. Philip Snowden, who would not allow discussion of any such topic, and partly by the London School of Economics, which was endowed in 1922 to the tune of £472,000 by Sir Ernest Cassel, a banker, who wanted to keep the Socialist movement safe for orthodox finance.

I have been rather longer than I intended, and I will make only one further point. The right hon. Member for Blackburn, West, applauded the policies of the Government Front Bench because he said they were an attempt to return to convertibility—that is to say, an attempt to return to a situation in which the £ is interchangeable with the dollar at anybody's option. But if we are to return to convertibility, we are to return to a gold standard. That is inevitable, because the dollar is fixed by the law of the United States in terms of gold. The Bretton Woods Agreement made that perfectly clear.

A return to convertibility is a return to the gold standard, and if we are to have an international gold standard, then we are making quite certain that there shall be a continuous repetition of the unhappy process of slump-boom, boom-slump. That inevitably follows, because inventors and scientists can expand the output of wealth far more rapidly than a financial system based on gold can safely expand the output of money; and any industrial system where the output of money does not keep pace with the output of wealth, must be an industrial system of steadily falling prices—and steadily falling prices inevitably spell depression. It was the present Prime Minister who, in this House in April, 1932, pleaded eloquently against any return to a gold standard. He pleaded that the progress of the human race should not be barred and regulated by fortuitous discoveries of gold. . . .

House of Commons: July 22, 1952.

Conscientious Objectors (Postings)

Mr. Driberg asked the Secretary of State for War what is his policy in regard to the posting to Korea, Malaya or Western Germany, of avowed Communists who have registered as conscientious objectors on political grounds but have been refused exemption from National Service.

Mr. Head: There is no specific policy on this matter: each case is considered on its merits.

Mr. Driberg: Quite apart from the rights of the Army or of any individual in it, is it not evident that it would be absurd to post to Korea, for instance, a man who is legally entitled to believe that the other side in Korea is the right side?

Mr. Head: If I gave to this House an undertaking that I would post no Communists to Korea, it might result in a recruiting drive for the Communist Party.

Mr. P. Roberts: Could I ask my right hon. Friend

whether this means that those people consider that they owe a greater allegiance to Russia than they do to this country?

Mr. Head: That is not within my province.

Agriculture Courses

Sir L. Plummer asked the Secretary of State for War why the Army pre-release courses in agriculture have been stopped; and what saving results from this step.

Mr. Head: These courses were stopped in December last year because the cost of staff, live-stock, equipment, and so on, was, in my opinion, no longer justified by the numbers of students who wished to take advantage of them. A staff of 22 officers and men had to be maintained for an average of 15 students on each course. The resulting saving is about £6,000 a year.

Sir L. Plummer: Will the Secretary of State for War consult his colleague the Chancellor of the Exchequer, in view of his right hon. Friend's speech at the weekend in which he said that agriculture is now a first priority, and consider not only putting these courses back, but organising them on a better basis, so that agriculture can stop the drift from the land that is now going on at an alarming pace?

Mr. Head: In addition to this, there are other courses. Any Regular who leaves the Army can go on a year's course, which is paid for all the time, to learn agriculture. A National Service man goes on a course which is run by the county agricultural committee.

Mr. Godber: Would my right hon. Friend bear in mind that it is probably better to stop calling up skilled agricultural workers than to indulge in the training of others to go into agriculture?

Mr. Head: That is another question.

Litigants' Expenses

Lieut.-Commander Hutchison asked the Secretary of State for Scotland whether he will consider introducing legislation to amend the Legal Aid (Scotland) Act, 1949, to provide for the payment out of the Legal Aid Fund of expenses awarded to a successful litigant against an assisted person.

Mr. J. Stuart: The courts are empowered by Section 2 (3, e) of the Legal Aid (Scotland) Act, 1949, to limit an award of expenses against an unsuccessful assisted litigant to such an amount, if any, as in the court's opinion is a reasonable one. While I am watching closely the operation of this provision, amending legislation is not at present in contemplation.

THE SOCIAL CREDIT SECRETARIAT.
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K.R.P. PUBLICATIONS LTD., LIVERPOOL

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