

# THE SOCIAL CREDITER

## FOR POLITICAL AND ECONOMIC REALISM

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### From Week to Week

The hidden—'occult'—powers have no frontiers; and therefore it is impracticable to draw their respective territories on the world map. But the events of the week convince us that, in a sense quite as real as if this were otherwise, they are massing; call them The Lion (not however the 'British' Lion which used to be) and The Unicorn, Rothschild and ? . . . . These are The Powers, ultimately to unite. In a Trinitarian Universe, there is, of course, a Third Force, which, for the moment is visible only to saints, mystics and Social Crediters (and not very clearly visible to any of these). If Mr. Attlee is 'Rothschild,' it would not surprise us that Churchill is also 'Rothschild,' however it may be with the servant, Baruch. On which side is Schiff, and which of the 'eminent Statemen' are 'Schiff'? Look at the pedigree in *The Jewish Encyclopædia*: The Rothschilds are upstarts.

The Conservatives in Canada gained seven seats in Ontario and lost five elsewhere, a net gain of two. The Liberals' overall majority is down by ten. The On-to-Ottawaists gained five seats in their home province of Alberta, but failed completely everywhere else, including British Columbia. Unless war intervenes, Canadian Social Crediters have now five years (or nearly) before their legs are again pulled by interlopers into their encampment, the best protection against whom is not a system of barricades and barbed wire, but a thorough understanding of what it is they are trying to do. The singularly able handling of practical questions by the *Western Producer*, which we so enjoy reading, would convince us, if personal contact with a random selection of Canadians in Canada had not done so, that mental deficiency of the peculiar kind we have to overcome is largely concentrated among the bag-men of the political parties, and that electorates have quite different troubles. It is those troubles to which attention should be addressed. They are very old and very deep.

The *Times* Ottawa correspondent seems to have quite a strong desire to see Mr. Drew replaced by some other leader of the Conservatives. We wonder why that is. Not, surely, because he lost the election? Surely any of the other parties, not excluding that old favourite of *The Times* the C.C.F. (Socialist), would suit it equally well?

The professor of Social Economics at Manchester, Mr. John Jewkes, has been lecturing the Liberals gathered together at their Summer School at Oxford on the theme that the first responsibility of government is the stability of money values. Money which 'melts away in your hand' while you carry it from the place of receipt to the place

of exchange is, of course, hardly deserving of the name of money; and many are the disasters which ensue in a modern lifetime from this form of public highway robbery. The detection and conviction of those to whom responsibility for it might be traced would be salutary. When does the enquiry open? If a public enquiry is not envisaged, why not one in semi-private? The flagging spirits of the generation about to inherit the coins now being clipped might, we suggest, be revived if Professor Jewkes should offer his services as "The accused" in a mock trial to be held at Manchester early in the next Session.

Writing to *The Times Literary Supplement* for August 14, Agnes Headlam-Morley, in supporting an objection to "unsubstantiated innuendoes" in a review, points out that the archives of the German Foreign Office for the whole period since 1871 have been in the hands of the Western Allies since 1945. She says:—

"Since the Western Allies put the Nazi Government on trial it is justifiable to keep in their own hands the publication of the documents after 1933. This does not apply to the Weimar Republic. Owing to the slowness of the English, French and American editors historians have been deprived of essential material for the study of the inter-war period. . . . The archives of the Weimar Republic presumably contain material relevant to the publication of the pre-war documents. The material should be made fully available so that historians can judge for themselves whether in fact political considerations influenced the selection of documents."

English, French and American editors are not slow when a publicity concentric with Finance is the motive. The house of cards which is the fabric of the tottering modern state would not stand for five minutes if its foundations were clearly visible *at the time when appropriate action (whatever that is) can be taken*. Hence the legend of 'inevitability' concerning the disasters which afflict us.

What people generally mean by 'anarchy' is a wide range of conditions varying between the reign of mob violence, soon extinguished by its own terror of itself, and an order which rests upon rules of which the speaker disapproves. In the true sense an 'anarchist' is a man who has mistaken his universe and who believes himself to be the inhabitant of another but impossible universe. Nevertheless, extreme states of public disorder are a possibility, although they are by no means anarchical. That such a situation should be feared as the outcome of the present troubles in France is intelligible. Such might be the European equivalent of *satyagraha*. Unlike Mr. Aldous Huxley,

we do not regard it as a hopeful state in the slightest. To contain even the germ of a hope, such a situation must be remedial. The only remedies for pseudo-democracy are remedies which 'democracies' can neither understand nor contrive.

"All day hundreds of cars have been crossing and re-crossing the Franco-Swiss frontier carrying watches, cigarettes, coffee—everything the Swiss let out in large quantities and the French Customs do not allow in.

"British tourists are joining in the 'legal' racket.

"For the French Customs men are on strike, and one driver loaded up with nylons offered to give a few pairs to the idle Customs officers as he crossed the frontier."

That is easy. But the harnessing of that to sound policy is not only not easy, but, alas! almost unthinkable in modern conditions. What would you call it, a 'nylon policy'?

Is it not paradoxical that France with a budget deficit of £800m is in danger of being hurtled into communism because of an objection to 'save' (*i.e.*, be taxed) a tenth of the sum; while Russia, which *has* been hurtled into communism, is listening with blissful countenance to Mr. Malenkov telling it how necessary it is to 'save' costs to make industry 'pay'? 'Capitalistic' economies lean over backwards to fall into 'Communitic' economies leaning over forwards: they are merely looking different ways as they fall to meet. On neither side (the appearance of separation into two sides is merely a device: a separation of the sheep from the goats while the countenance of the stubborn goat is being painted with the bliss of the blissful sheep): on neither side, before or after the application of the cosmetic paint, is there a disposition to consider that the world, so far from being undercapitalised is grotesquely over-capitalised, and there will be no reality about the bliss on its painted face until it learns to scrap three-quarters of the vast capital accumulations it has got to use the rest and to distribute the product justly to consumers.

As saith the *Sunday Times* (citing Hebrew literature as its authority): "Happy is the man that findeth wisdom, and the man that getteth understanding." Well, why don't they?

## PARLIAMENT

House of Commons: July 13, 1953.

### COAL

#### Mining Subsidence

Mr. Ellis Smith asked the Minister of Fuel and Power (1) if he will consider the special circumstances caused by mining subsidence in the City of Stoke-on-Trent, the financial difficulties and the effect on roads, drains, sewage works and public buildings; and if he will make a substantial grant to cover the damage while consideration is given to the problems created by mining subsidence;

(2) the financial consequences which have fallen on local authorities where mining subsidence has taken place; how many county boroughs are wholly affected by mining subsidence; and what national financial assistance it is intended to grant to county boroughs who are affected.

Mr. Swingler asked the Minister of Fuel and Power if he is aware of the continuing damage and distress caused by mining subsidence in and around Newcastle-under-Lyme; and what action he is taking to provide a more comprehensive scheme of compensation for those affected and to ensure that the National Coal Board has a sufficient allocation of capital resources to devote to the prevention of subsidence in the future.

The Minister of Fuel and Power (Mr. Geoffrey Lloyd): I am advised there are some 17 county boroughs affected by mining subsidence which is prevalent in both the boroughs mentioned by the hon. Members. I cannot, however, exceed the financial powers conferred on me by the Act passed by the last Government in 1950.

Mr. Ellis Smith: The three Questions raise two issues, short-term and long-term. Will the Minister treat the short-term issue as a matter of extreme urgency? Is he aware that in Fenton the sewer has completely collapsed and that it is overflowing into the roads and into the homes of the miners? Does he not agree that a very serious situation could arise from that? Will he consult the Minister of Health at once with a view to dealing with the matter?

Mr. Lloyd: I am always ready carefully to consider any specific cases in which I might be able to help in any way. Perhaps the hon. Member will let me have details.

Mr. Swingler: Can the right hon. Gentleman now say when he hopes to act further on the recommendations of the 1949 Report? Is he not aware that the Act of 1950 was only a first instalment in dealing with this problem? Can he now tell us what action he proposes to take to implement the recommendations to cover the problem?

Mr. Lloyd: The position of this Government in this matter is the same as that of the last Administration.

Dr. Stross: Will the Minister advise us about this? If there should be a major outbreak of pestilence as a result of sewage contaminating our people's homes, whom shall we blame and to whom shall we go for redress?

Mr. Lloyd: Perhaps the hon. Member will give me any details which might portend such a happening?

### Prices and Costs

Mr. Hamilton asked the Minister of Fuel and Power what consultations he has had with the National Coal Board, with a view to selling coal below actual costs of production to retirement pensioners and others with low fixed incomes.

Mr. Geoffrey Lloyd: None, Sir.

Mr. Hamilton: Has any consideration at all been given

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in the past to this point? Is the Minister aware that fuel costs constitute a very important part of the cost of living of old age pensioners and others on low fixed incomes, and in view of the fact that the National Coal Board is selling large quantities of coal below cost to industries which are, in the main, prosperous, will he not consider this question?

*Mr. Lloyd:* We have considered it, but under the Act nationalising the coal mines passed by the party opposite the Coal Board is specifically debarred from giving a preference to particular types of consumers.

*Mr. Hamilton* asked the Minister of Fuel and Power how much coal was sold in 1952 below the costs of production to domestic and industrial consumers, respectively; and how much was sold to each of these consumer categories above costs of production.

*Mr. Geoffrey Lloyd:* I am advised by the National Coal Board that the information is not available.

*Mr. Hamilton:* Does the Minister not agree that the Coal Board is, in fact, selling coal below the cost of production to industries, including the steel industry, which is now to be denationalised and, therefore, presumably is to be subsidised by the National Coal Board? If he says that it is contrary to the nationalisation Act to give preference to categories of consumers, how is it that the National Coal Board can, in fact, provide coal below the cost of production to these other industries?

*Mr. Lloyd:* The National Coal Board has not changed its policy since the Labour Government were in power.

*Mr. Hamilton:* In view of the very unsatisfactory nature of the reply, I beg to give notice that I will raise the matter on the Adjournment.

### Israel and Jordan (General Glubb's Statement)

*Mr. Wyatt* asked the Secretary of State for Foreign Affairs the nature of the official representations made by the Israeli Government about the statement made in Amman on 18th June by General Glubb, concerning border incidents between Israel and Jordan.

*Mr. Selwyn Lloyd:* The Israel Ambassador on behalf of his Government made representations to Her Majesty's Government on 22nd June about the recent statement made by General Glubb. I see no reason to disclose the nature of confidential representations, and so depart from the normal rules of diplomatic courtesy.

*Mr. Wyatt:* Is the Minister of State aware that in the course of his statement General Glubb did not confine himself to the details of border incidents but went into a general anti-semitic tirade of an exceptionally offensive and unpleasant nature? What control have the British Government over General Glubb? To what extent does General Glubb speak for the British Government, because he is thought of throughout the whole of Israel as a British officer in the British subsidised Arab Legion who is entitled to be speaking for the British Government?

*Mr. Lloyd:* The Question deals only with "official representations made by the Israeli Government. . . ." In fact, General Glubb is a servant of the Jordan Government, to whom he is responsible. There is no obligation upon him to consult Her Majesty's Government, and H.M. Government are not called upon to comment upon his views.

### Human Rights (U.N. Resolution)

*Mr. Morley* asked the Secretary of State for Foreign Affairs which nations have now subscribed the Declaration of Human Rights.

*Mr. Selwyn Lloyd:* I assume the hon. Member is referring to the Universal Declaration of Human Rights adopted by the General Assembly at its Third Session on 10th December, 1948. This Declaration does not require signature or ratification but is in the form of a Resolution proclaiming the ideals of the members of the United Nations. I will, with permission, circulate in the OFFICIAL REPORT the list of the 48 States which voted for this Resolution.

*Mr. Morley:* Is the Minister aware that members of Baptist community in Spain have been heavily fined and in Czechoslovakia have been sentenced to long terms of imprisonment merely for practising their faith? Will he have this matter raised in the General Assembly of the United Nations as an infringement of the Declaration of Human Rights?

*Mr. Lloyd:* The Question refers only to the number of nations which have subscribed to the Declaration. The hon. Member is trying to draw me on to rather different ground.

*Miss Lee:* Is there any nation which has taken the principles enunciated in the Declaration and has put them into practice?

*Mr. Lloyd:* I hope that there are certain nations, of which we are one, which have gone a very long way to implement these principles.

*Following is the list:*

Afghanistan, Argentina, Australia, Belgium, Bolivia, Brazil, Burma, Canada, Chile, China, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, France, Greece, Guatemala, Haiti, Iceland, India, Iran, Iraq, Lebanon, Liberia, Luxemburg, Mexico, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Siam, Sweden, Syria, Turkey, United Kingdom, United States of America, Uruguay, Venezuela.

### European Defence Community

*Mr. Noel-Baker* asked the Secretary of State for Foreign Affairs whether he will now state what proposals have been made by Her Majesty's Government to the French Government concerning United Kingdom support for the European Defence Community.

*Mr. Selwyn Lloyd:* No, Sir. Our proposals are still under discussion with the European Defence Community powers.

*Mr. Noel-Baker:* Since the proposals of Her Majesty's Government may well be decisive in the attitude adopted towards E.D.C. by Continental parliaments, and since they obviously affect the commitments of the United Kingdom in a very important way, would it not be of advantage if the House of Commons could be informed of them now?

*Mr. Lloyd:* I certainly agree that it would be an advantage if the House of Commons could be informed of these proposals, but there are six different governments concerned, with whom negotiations have to take place. As soon as those negotiations reach a stage at which publicity can be given, we certainly will inform the House.

*Mr. Wyatt:* Does the Minister realise that we are now

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Saturday, August 22, 1953.

### Genuine Defence Needs New Financial Policy\*

Controllers of the Communist conspiracy must be highly elated with the reaction in the Western countries to the current "peace offensive." It may be true that this change in tactics by the Communists was made necessary by Stalin's death and the fact that Malenkov and his supporters required some time in which to consolidate their control of the Soviet Empire. But there is nothing new about the tactics now being adopted. They were adopted with considerable success in the years immediately preceding the Second World War. The Trojan Horse policy paid handsome dividends to the Communists. Consider the state of France in 1939!

Any man who suggests that the Communists' current tactics are either new or indicate any deviation from the basic strategy designed to create a World Communist State, and that Western leaders should now compromise with the Communists, is either a knave or a fool. Unfortunately there are many fools in our midst. They unknowingly serve the purpose of the knaves.

A study of our files will show how over the years we have consistently warned that the Communists hope to reach their objective, not primarily by military force, but by the collapse of the "capitalist" countries from within. Both Lenin and Stalin dealt with this matter at considerable length and it is amazing how so many "experts" on foreign affairs should at present be forgetting what these Communist leaders wrote. The current Malenkov "line" is merely a return to classical Communist tactics as applied before the war.

Already the Communists have scored their first major victory in their "peace offensive." Several week-ends ago there was a report from America which stated that "Wall Street had nearly panicked over fear of peace in Korea." Since this news item appeared reports from Japan indicate growing concern amongst manufacturers who fear that a "recession" will follow peace in Korea. It is unfortunately true that the Communists are correct when they claim that the "capitalist" economies at present depend upon war and the preparation for war to prevent a major collapse.

Like the Social Crediters, the Communists have carefully examined the present "capitalist" system and are well aware of its weaknesses. The Social Crediters have pointed out that by a modification of present financial rules, the free enterprise system and private ownership can be retained and successfully expanded to benefit the individual. The Communists have always bitterly opposed any suggestion of a change in credit policy, knowing that such a change would defeat their strategy. It was Molotov who once said that the Communist leaders knew all about Social Credit and that it

was the only thing they feared. If the threat of war is removed, or eased, the Western democracies must, under present financial rules, inevitably move more and more rapidly towards totalitarianism. The Communists have predicted, and are relying upon this development.

The challenge now confronting the Western peoples is whether they can make their economies serve the individual. This is the basic issue before them to-day and how they face it will decide whether the Communist programme will be successful or not. The great danger is, of course, that there will be a continuation of the policy of the last few years, which has been designed to force the free peoples to accept Communist measures as a necessity for defence. We have nothing to learn from what has been happening in Soviet Russia. The English-speaking world in particular, with its magnificent traditions, can effectively meet the latest Communist "line" if only sufficient individuals realise that the threat of war has not been averted. There has been a slight change in method. But none in objective.

The Communists are still continuing their war, but by more subtle and dangerous methods. Along with a few similar small journals, throughout the English-speaking world, we have always warned of the real danger confronting us. Current events confirm our warnings and make an appeal to all our supporters to "be up and doing" during the critical days immediately ahead.

We must strongly reject the compromise-at-all-costs theory. It could encompass our final and complete defeat by the forces of totalitarianism.

### Villagers Revolt Against Taxes

According to the *Straits Times* for August 6, about 600 villagers at Wakaf Bahru, have threatened "civil disobedience" unless some of 88 taxes passed by the local Council are cancelled or relaxed.

Half of the villagers have written appeals to the Menteri Besar, British Adviser, State Secretary and unofficial State Councillors.

This is what angered them:

A poll tax of \$3 per head per year. They want this "out-dated" tax abolished.

A 15 per cent. assessment on houses. They want this cut to five per cent. pointing out that in Kota Bahru, the capital, assessment is only 12 per cent.

A bicycle licence tax of \$3 per year. They want this reduced to \$1 per year, on the grounds that nowhere else in Kelantan are bicycles taxed.

Inche Isahak bin Mustapha, chairman of the local Council, said that extra money was required to improve the village.

He added that the villagers' appeals were being considered.

Asked what action the Council would take if people fail to pay the taxes, he replied it would follow its constitution, and auction the property of defaulters.

A Government spokesman in Kota Bahru said that the villagers had been told the remedy lay in their own hands—they should go to their Council, who were their elected representatives, and tell them they object to the taxes.

The Council was elected a few months ago and is empowered to levy certain taxes.

\*From *The New Times*, (Melbourne).

## Power Mania

To the Editor of *The Social Crediter*,

Sir,—The opening statement of *The Social Crediter's* leading article, "The Pattern of Events," that "History teems with examples of the overt Will-to-Power" prompts the following reflections:—

Power mania has probably always been one of the main enemies of man, causing periodic devastations:—

The most powerful power today is the "terrible power of the purse" (Herzl, 1896) wielded by the world money-lenders. The avowedly most powerful world moneylender is Bernard Baruch who told an American Senate Committee he was "the most powerful man in the war" of 1914-18. He is probably now the most powerful man in the world.

Princes, premiers, and presidents; prelates, peers, and parliaments; parties, presses, and peoples—all these are Baruch's puppets [\*] whose strings he pulls and whose wars are his power harvests. The longer the wars the more power for him as moneylender-in-chief because wars need borrowed money to fight and then more borrowed money to repair the war damage as twice in Europe and now in Korea. Accordingly, power maniac moneylenders start wars without good cause and prolong them needlessly for their own power purposes.

Baruch's successor is designated and is probably . . . [+] who also lives in America. Mankind should know its worst scourge and devastator, power mania, and who are the chief power maniacs.

Yours faithfully,

London, August 8.

Geoffrey Bowles.

## A German Specialist Looks Over the Wall.

Professor Dr. Alfred Weber, the German sociologist, wrote the article of which the following is a translation for the *Luebecker Nachrichten* on the occasion of his eighty-fifth birthday.

"IS SCIENCE OUT OF HARMONY WITH LIFE?"

For hundreds of years, much has been said about the increasing specialisation of science. I am sufficient of a heretic to say that all specialised scientific work in which a relationship to a vital Universal is lacking—and here I mean a metaphysical and transcendental Universal—must cease or be changed. In other words, however specialised a work may be, it must be carried out in the full consciousness of its relationship to such a Universal. Only in this manner can specialised work be given life, warmth and justification. Unless the specialist has this contact with the Universal, he is merely a pompous seeker after truth—a mere functionary of a free-wheeling intellectual apparatus.

[\*] *The Social Crediter* has reason to believe that Mr. Baruch is not a principal but a 'front.' It is, of course, 'fronts' which wage effective war and against which effective war is waged.

[+] Our correspondent names an individual often mentioned in these pages who already functions in another capacity. "Probably" the idea of succession is irrelevant: the financial-political administration is hydroid; that is why, in our opinion, the unquestionable identification of its *policy* is at least as important as the identification of its personnel.

The reading of certain scientific journals fills one with a feeling of insipidity and futility. This is a clear sign that the limits of detachment from this vital Universal have been exceeded. In place of this relationship with the Universal, work and discussion continues on a self-created basis which has no existence in reality, namely in a scholastic Alexanderian framework which, if it cannot be related to life must be abandoned.

It is possible that a time will come when a revision of the distribution of public funds to various faculties will be made. It may then be found that there are some branches of science which, if they cannot be closed down completely, can at least be limited simply because there are no new fields to develop and because it would serve no useful purpose to continue such scholastic work and discussion on the former basis because they have lost all contact with life. On the other hand, other fields may come to light which, particularly in Germany, might open up new facts and problems which are now practically unknown and hardly touched upon as yet except by dilettantes.

This lowering of respect for science as a whole is not the case with the natural sciences. Particularly during the past fifty years, they have extended their fields of development and have had a practical bearing on life. Yet here too, we have the same situation, if with other practical consequences, as with the pure sciences. The highly specialised natural sciences are, at least in respect of the use of their discoveries, out of harmony with life. They have always asked questions in accordance with formal, essentially mathematical assessments, *i.e.*, in accordance with formal, mathematical solutions, and have thus forgotten to take into consideration the reaction which every new established value, in so far as it concerns some control over nature and as a result of its technical application, may possibly have on life.

Just as we must ask the pure scientist to what extent he is cultivating fruitful soil so we must ask the natural scientist to what extent he is releasing devilish forces with his formal knowledge of how to develop power? Do you always act in full consciousness of your responsibility towards life? At the moment, this is without doubt the most urgent question which we must put to scientific men from the standpoint of their relationship to society.

## The Chord

In a 'memorial' lecture which does not otherwise impress us greatly we come across this gem:—[Ernest Newman described a conversation between Toscanini and Busoni.] "Toscanini took the line that what was wrong with a good deal of modern music was not with the language and technique of music, but with the composers. . . .

"To illustrate his argument he [Toscanini] went to the piano and struck a chord with one hand. 'What is that, Busoni?' he asked. 'The common chord of A major, of course,' was the reply. 'Good,' said Toscanini, 'and now what is this?' 'The same chord an octave higher,' said Busoni. 'Right,' Toscanini continued, 'and now what is this?' and he played a theme of about a dozen chords which are practically all simply the A major triad. 'That's the opening of the Lohengrin prelude,' said Busoni. 'Precisely!' said Toscanini, 'here is a chord that has been used countless millions of times by composers of the past and

present, yet with that one chord Wagner has been able to say something so personal, so completely different from anything else before or since, that I have only to play the passage for you to recognize at once the Lohengrin prelude. Now if Wagner could do that with one elementary chord, surely our present-day composers, with the great number of chords they have at their disposal, should be capable of saying something equally distinctive, instead of moaning about the alleged insufficiency of the language they have to work in. Surely the fault is not with the language, but with them, with their imagination."

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PARLIAMENT—

(continued from page 3.)

reaching an intolerable situation in which the Government hide their lack of initiative and ability to make constructive proposals behind a screen of pretending that because other governments are involved they can do nothing about it, and that this has been going on for six months?

*Mr. Lloyd:* The supplementary question is completely inaccurate. The reason why information has not been given publicly is the one I have just explained. In good time the hon. Member will see precisely what proposals we have made and will see that there are very good reasons for the course we have pursued.

*Mr. Shinwell:* How can we tell if the proposals made are satisfactory unless we are told what they are? Are we to leave this matter entirely to the discretion of Her Majesty's Government? Has this assembly no right to express an opinion on these proposals?

*Mr. Lloyd:* I certainly agree that the House of Commons have a right to express an opinion on these proposals and in due course will be able to exercise that right, but at the moment this matter is at the discretion of Her Majesty's Government, who were charged with responsibility at the last election.

*Mr. Shinwell:* Does the Minister not realise that if the proposals—of which we are not yet aware—are negotiated and eventually accepted it becomes a *fait accompli* and we shall be asked to accept them without having opportunity to discuss them in advance?

*Mr. Lloyd:* That, of course, was precisely the course which was followed by the late Government in matters of international negotiations.

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FINANCE BILL

Third Reading

*Mr. Ralph Assheton (Blackburn, West):* . . . In spite of some welcome reductions in taxation, taxation is still at a very high level. I do not think anybody can deny that we are still spending too much and still collecting too much revenue. There is an extremely interesting article to which I should like to refer in this month's edition of "Lloyd's Bank Review." It is by Professor Tress, of Bristol University, and if there are any hon. Members who have not read that article I would advise them to do so. He refers to the weight of taxation, and it is interesting to see that the total revenue collected in this country in 1951 was 32 per cent.

of the gross national product as against 17 per cent. before the war. Canada collected 24 per cent. as against 20 per cent. before the war. It shows how very markedly high is the level of our expenditure, higher, in fact, than that of any other country in the world.

If it is the case that our revenue is very high—and I am bound to admit that with such enormous expenditure our revenue has to be high—what Professor Tress suggests is that we look at the engine of finance and he says:

"The engine of public finance, though it works surprisingly well, has probably more affinities with the productions of Mr. Emmett than it has with those of Sir Frank Whittle."

What I want to suggest to the House today is that we want something more jet propelled than we have at the present time. We are working with an age old machine. Mind you, it is a very good machine at doing the job of collecting money. It collects an enormous amount of money with remarkable success, but for all that I think that the hon. Member for Sowerby will recognise that our methods are not yet perfect. We want a jet propelled machine. If we are to compete in the world I think that we must get some of our heavy taxes very much reduced. I think that the Chancellor has a great opportunity to reform our finances. A great Chancellor of the Exchequer of 100 years ago, whom my right hon. Friend much admires, Sir Robert Peel, made some great changes in our financial system, and I hope that the present Chancellor will do so, too.

The officials at the Board of Inland Revenue and the Board of Customs and Excise are, of course, bound to say, "Stick to the old taxes—an old tax is a good tax." I agree that there is a great deal of sense in that. Anyone who has had anything to do with designing a new tax knows that very well. But, for all that, taxation appropriate in the days when I was born is not necessarily appropriate today. When I was born, in the early years of this century—the Chancellor of the Exchequer was also born in the early years of this century—Government expenditure in this country was £4 per head. Today, it is £86 per head. It is obvious that the methods used for collecting enough revenue when taxation was £4 a head are not necessarily the appropriate methods when expenditure is £86 per head.

The Income Tax to which the hon. Member for Sowerby (Mr. Houghton) is so attached, and rightly so because it is the basis of our system—I am talking about Pay-as-you-earn, Income Tax and Surtax—is very high and the hon. Member for Sowerby has been telling us that there is a great deal of avoidance and that he hopes that there will be other methods designed to catch up on evasion. He told us that that avoidance ran all through the community. It is not only restricted to directors, as we sometimes hear from the other side of the House, but as the hon. Member said, one of the most common forms of avoidance of tax is by people who pay P.A.Y.E. and work at another job and do not pay tax on that work. There are numerous ways of avoiding tax.

We all know that it is going on and that it is not fair. Why has this happened? It has happened because the whole level of Income Tax is too high. While we have a level of Income Tax as high as it is, we are bound to get avoidance and evasion. I think that any Income Tax over 7s. or 7s. 6d. in the £ is much too high, and I think that any system of taxation which takes away as much as 19s. in the £ on some parts of a man's income is crazy. The very highest level, I should have thought, should be about 15s. Otherwise, we

are limiting enterprise and the risks which people are willing to take with their money.

Another great objection to high Income Tax pointed out by the right hon. Member for Battersea, North (Mr. Jay), is that it does not take sufficient account of the responsibilities of the individual, as at present designed. He thinks—and I think that there is a great deal to be said for it—that the family man pays too much in relation to the bachelor. There are all sorts of ways of looking at it. The right hon. Gentleman and I are both family men. Perhaps we take one view and bachelors take another view. There is no doubt that when the rate of taxation is so high it is more important to take account of the personal responsibilities of individuals.

To do that we have to make the whole thing too complicated. It is complicated enough already and every time we try to adjust Income Tax to the responsibilities of the individual, we add new complications, and every new complication makes it more and more difficult for the Board of Inland Revenue to administer the tax. When we look at the Finance Bill, we find that Income Tax, Profits Tax and Surtax take up a good deal of it and that Customs Tax and Purchase Tax take up practically all the rest.

Let us come to the other side of the machine for collecting taxes. I have never been a lover of Purchase Tax as we now have it. I have expressed my opinion about that more than once. If we look at the methods of other countries, I think that we may well find that they have advanced a good way beyond us in taxation of that sort. Our Purchase Tax is rather clumsy. If we look at Germany, Canada, Italy, France, Belgium, Holland or Norway, which all have various systems of taxation on commodities or turnover tax, I think that in some cases their systems are better adjusted to the needs of today than is our system here.

In Canada for instance, there is a tax on sales, but it is sufficiently enlightened not to tax either food or clothing. I think that it would interest the House if I read a short comment by Professor Tress on that point. He criticises very fully all the objections to taxes on commodities, indirect taxes of all sorts, and says:

“A system of commodity taxes, in other words, takes on many of the characteristics of an income tax, but with two distinctive merits which have lately come to be very important. First, though the system can be made roughly progressive, as is, rather clumsily, the British Purchase Tax, and, more elegantly the Canadian general sales tax which exempts food and clothing—it does not involve a penal treatment of marginal earnings as does the income tax. Secondly, and more important, it allows savings to be exempted from taxation.”

Any system of taxation which bases its collection of revenue purely on what a man earns militates against saving, whereas a system which takes heed of what he spends works in favour of saving. That is a point which is not always fully appreciated. We shall have heavy taxation in this country for the rest of our lifetime, and the hon. Member for Sowerby mentioned, quite rightly, many of the things which we need to spend money on and for which taxes have to be raised. I think that all taxation is bad, and I am sure that all Members of this House think so, too, but defeat by an enemy, poverty, ignorance and crime are all worse, and we have to deal with them and raise a great deal of revenue to do so.

My plea to the Chancellor today is to look at the

whole system of taxation afresh, not to be too much governed by what we have done in the past, to remember that it is easier to raise taxes when we want £4 per head instead of £86 per head and not to be inhibited from looking at new systems and methods of taxation because, although that may be difficult at the start, there may come a time when we shall recognise that it has been a good thing to make a change.

## NATIONAL FINANCE

### Surplus War Stores

*Mr. Vane* asked the Chancellor of the Exchequer the total value of surplus war stores sold since 1945; and how far the proceeds have been treated as capital or as general revenue.

*Mr. R. A. Butler:* Total disposals of surplus war stores (as distinct from fixed capital assets) amounted to £880 million during the years 1945-46 to 1952-53. The greater part of the proceeds was brought into the Exchequer as receipts from the sale of surplus war stores. It is not possible to identify the extent to which the receipts were used to defray capital and recurrent expenditure respectively.

### British Subjects (U.K. Immigration)

*Mr. T. Reid* asked the Secretary of State for the Home Department if he will keep records of the countries of origin of British subjects who immigrate to Britain to settle permanently here.

*Sir D. Maxwell Fyfe:* I have no power to obtain from British subjects arriving in this country the information which would be required for this purpose. I am consulting my right hon. Friends the President of the Board of Trade and the Minister of Transport to ascertain whether the statistics of passenger traffic which they maintain could be supplemented, and will write to the hon. Member in due course.

*House of Commons: July 14, 1953.*

### Monopolies Commission (Pneumatic Tyres)

*Mr. Bence* asked the President of the Board of Trade the details of the terms of reference to the Monopolies Commission for their inquiries into the subject of pneumatic tyres.

*Mr. H. Strauss:* The hon. Member will find the terms set out in Appendix 2 of the Board of Trade's Annual Report for 1952 on the operation of the Monopolies and Restrictive Practices (Inquiry and Control) Act, 1948 (House of Commons Paper No. 98, Session 1952-3).

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*Mr. Bence:* Is the hon. and learned Gentleman aware that recently a snooper of the rubber monopoly, disguised as a farm labourer, purchased a tyre for £7 6s. 8d. and had a penalty of £25 imposed on the shopkeeper by the motor trades association? In view of the opposition of hon. Gentlemen opposite to snoopers who go round to see that people do not charge too much, will he put this before the Monopolies Commission and forbid private Monopolies to employ snoopers to ensure that people do not sell cheaply?

*Mr. Strauss:* I do not think that supplementary question arises out of the Question on the Order Paper, but I have no doubt whatever that the Monopolies Commission will have noted what was said on this subject recently and today.

### Horticultural Products (Foreign Subsidies)

*Mr. P. Wells* asked the President of the Board of Trade which countries are exporting subsidised horticultural produce to this country.

*Mr. Mackeson:* As far as I am aware, the only directly subsidised horticultural products that are imported into the United Kingdom in any substantial quantities are citrus fruit from Israel and dried fruit from the United States and Greece. The use of multiple exchange rates and various forms of export incentives by a number of countries which export horticultural produce to the United Kingdom may, however, in some cases constitute an indirect subsidisation of exports.

*Mr. Wells:* Will the Minister take all possible steps to see that these exports, which are indirectly subsidised, do not compete unfairly with home products?

*Mr. Mackeson:* Yes, certainly, but, broadly speaking, as far as our information is concerned the subsidised exports are not in direct competition with our own producers. If the hon. Gentleman, or any other hon. Member, has any information which will help us in our fight to stop this subsidisation, I shall be glad to have it.

### NATIONAL FINANCE

#### Retail Sales Tax

*Mr. Gower* asked the Chancellor of the Exchequer if he has considered the advantages or otherwise of introducing a sales tax to take the place of existing Purchase Tax; and if he will make a statement.

*The Chancellor of the Exchequer (Mr. R. A. Butler):* The relative merits and demerits of various forms of retail sales taxes, as compared with the Purchase Tax, were considered before the inception of the tax and have been reviewed on a number of occasions since. I am fully satisfied that it would not be advantageous or practicable at this stage to replace the Purchase Tax with a retail sales tax.

#### University Staff (Political Activities)

*Sir H. Williams* asked the Chancellor of the Exchequer how far the grants made to universities by the University Grants Committee stipulate that university officers in their official capacity should not take part in any controversial politics.

*Mr. R. A. Butler:* No such stipulation is made.

*Sir H. Williams:* Has the Chancellor's attention been drawn to the fact that 14 Vice-Chancellors, described as such, took an active part in a certain controversy in a letter to "The Times," and does he not think that it is very undesirable that they should do it in their official capacity?

*Mr. Butler:* We still live in a free country. [HON. MEMBERS: "Hear, hear."] The political activities of university staff are a matter for the university authorities.

*Mr. Gaitskell:* Does the Chancellor appreciate that his replies to these questions will give general satisfaction and will receive general support, and will he make plain to his hon. Friend that it is no part of the Treasury's business to try to suppress political opinions in universities?

*Mr. Butler:* I think my hon. Friend fully appreciates that, but I would not wish to seek advice on the intimate relations in political matters between my hon. Friend and myself from any section of the House.

(To be continued).

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