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FOR POLITICAL AND ECONOMIC REALISM

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Balance in Social Credit

By GEOFFREY DOBBS.

The conception of Social Credit which Douglas left with us was a balanced conception. As his first book, *Economic Democracy*, showed, it was so from the first in his own mind, but it seems to have taken a weary time before this inherent balance was grasped by others, as it has, by now, been grasped by those who have followed Douglas closely. [*]

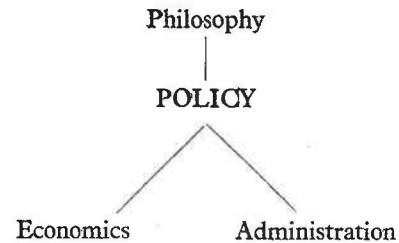
In recent years there have been a number of dynamic and energetic individuals who have, in a relatively short time, aroused enthusiasm, collected a following, and founded a world movement with a literature, a language, and a way of thought of its own; and it was inevitable that these consequences should follow the appearance of a man of Douglas's force and stature; but in every other comparable case the man, the doctrine, and the movement have had something unbalanced about them, something which has been mercilessly exploited by the powers of evil; only in Douglas, and in the complete body of Douglas's teaching, have we that precious, incomparable quality of integrated sanity which is characteristic also of the Christian faith.

It is this balance and sanity which is the main object of the most damaging attacks upon social credit. Probably the most successful weapon which has been used against us is the suggestion, invariably conveyed by the sort of language chosen when social credit is referred to by its opponents, that we are 'cranks,' i.e., unbalanced people holding an unbalanced view; and the existence of a number of groups of people detached from Douglas, publicising an unbalanced fragment of his teaching as if it were the whole, or indeed the essential, under the name of social credit, and even claiming each to be his 'true' followers, lends the power of verisimilitude to this weapon.

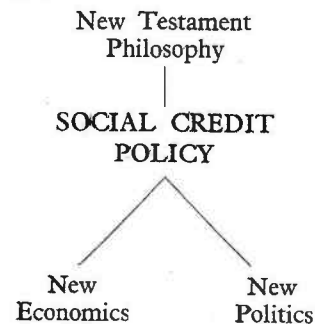
One of the last things which Douglas left us was what we know as *The Chart*, a diagram setting out certain relationships in the real world. At its focus is the word 'Policy,' which more than any other single word, summarises what he had to teach us. This is implicit in everything he said and wrote on Social Credit, and especially in his first book, *Economic Democracy*, but in June, 1937, it became explicit in his address to Social Crediters in London, in which he defined Social Credit as "the policy of a philosophy" and further defined his use of the word "philosophy" as meaning a "conception of reality."

The Chart, first published in February, 1951, specifically to counteract the tendency to disproportion in the Social Credit Movement, is an immensely massive and condensed statement. It is not permissible to alter it, but it will often

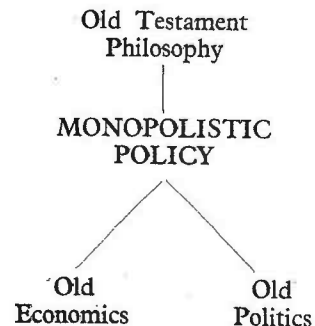
be necessary to abstract from it, and to consider special cases in its application to current situations. For the special purposes of this article, the consideration of *balance* in the conception of Social Credit at the present time, I want to draw attention to the balanced, triple structure of the centre of *The Chart*, the three words surrounding the central word Policy. They are as follows:



Now Social Credit has also been defined as "applied Christianity," and it has been made clear that if the Policy is correctly called Social Credit, the Philosophy is the conception of reality which we find in the New Testament. The word 'Administration' is of wider application than the word 'Politics,' but it is convenient here to consider this aspect of it, in relation to 'Economics.' These basic relationships of Social Credit may therefore be considered in the following form:

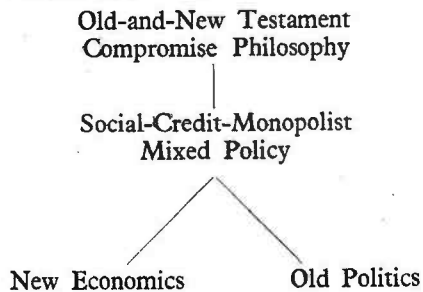


in contrast to the Policy which at present dominates the World: viz:



[*]Mr. Hewlett Edwards once asked Douglas how many Social Crediters there were. Douglas replied: "Six."—Editor, T.S.C.

A tripod is the 'first' structure which will stand, and it is not possible to ignore, or to mix and change the nature of any one, or more, of these three components of policy without either overthrowing, or changing the nature of the policy. At the present time, a great many people are quite improperly applying the name Social Credit to a policy which has this sort of structure:



There is a law, called Gresham's Law, which applies to money and credit; it applies also to policies. When they are mixed the bad drives out the good. This is very obviously happening with Compromised Social Credit: the Old Politics have completely neutralised the New Economics.

THE 'ECONOMIC' DISPROPORTION

Two clearly defined stages can be distinguished in the development of the Social Credit Movement under the direction of Douglas. In the first from 1918 to 1934, the emphasis was on economics; in the second, from the Buxton speech *The Nature of Democracy* (June, 1934) to *Realistic Constitutionalism* (May, 1947) on politics. Running through everything that he wrote or said on Social Credit was a gradually increasing strand of 'philosophy'; better, perhaps, referred to as religion, for it was specifically Christian, and never expressed in theoretical form without being 'bound back' to practice in economics and politics, so that the three threads were always intertwined. With this important qualification, however, it is true to say that, during the last few years of Douglas's life, this 'philosophic' element, as represented for instance, by *The Realistic Position of the Church of England*, came more into prominence, so that at the end the structure of Social Credit—philosophy, economics, politics,—had acquired that massive equilibrium and symmetry which was a part of his character. No more than Shakespeare does he need

The labour of an age in piled stones,
Or that his hallowed relics should be hid
Under a star-pointing pyramid.

Social Credit is his 'star-pointing pyramid.' It is tri-podal; It stands firmly upon the earth; and it points to Heaven. *Si monumentum requiris, circumspice!*

It is sad, therefore, to 'look around' and see some of the one-legged and two-legged monstrosities dedicated to Douglas by their creators.

The great heresy of the age is the 'economic' heresy, the Marxist-materialist heresy, the idea that history is determined solely or primarily by 'economic' forces, that man lives by bread alone. To describe Social Credit as merely another name for 'The New Economics,' to describe Douglas as an 'economist' or a 'monetary reformer' is to describe him as a crank, as a man who had got something out of

proportion. Both 'economics' and 'finance' are techniques. Techniques, of course, have their importance, but to form a World Movement, and to argue and advocate and oppose techniques, without reference to the policies they are used to promote, is insane. But if policies are to be upheld or opposed, that is politics, and the assessment of policies is only possible on a basis of philosophy; so that all the components of Social Credit are immediately brought in unless sanity and a sense of proportion are abandoned.

These facts are so inescapable that every group of people making pretensions of any sort to the pursuit of 'social credit' has always acknowledged some sort of philosophy and adopted some sort of politics. What those of them who insist on restricting 'social credit' to economics and finance presumably mean is that the philosophy which finds expression in Douglas's economic proposals is not at variance with the prevailing mechanisms of 'politics' which, to anyone who has followed Douglas at all during the last twenty years, can be seen quite obviously to be a part of the structure of the opposing pyramid of centralised power. It is significant that every reference to social credit in the national or other antagonistic press treats it as an 'economic' theory or 'heresy,' and every reference to Major Douglas, including his newspaper obituaries, treated him as some sort of an 'economist.' The aiding and abetting of this misrepresentation by people claiming to be social crediters, and even 'followers of Douglas,' has an extremely mischievous effect; and in fact a recent damaging attempt to mislead Catholics about the nature of social credit in such a way as to alienate their sympathies can be traced to such a cause.

It is a sad, but understandable, fact that many of the pioneers of the movement, the earliest followers of Douglas, to whom we who came later owe a debt of gratitude, have suffered this arrested development. We are sometimes prone to forget our origins; that the social credit movement was the sole victorious and surviving issue of all that turmoil of intense mental activity and discussion which centred around Orage and the *New Age* in the early years of the century—a turmoil of socialists dissatisfied and repelled by the centralising tendency which they could already see to be far advanced in socialism.[*] Douglas's radically different approach to economics was altogether too much for most of these people, and great credit is due to those whose integrity and mental energy enabled them to overcome the prejudices instilled by their socialist background. Even so, 'economic' prejudices are seldom so deep seated as are those occasioned by politics or religion. It is not surprising that as the full implications of the philosophy which found expression first in the economic proposals emerged in the fields of politics and religion, many of those who had made the tremendous effort required to overcome their prejudices in the first place found that further, and even greater, efforts were too much for them. As a result, since 'economics' cannot exist in a vacuum, they have slipped back into the old rut of their 'social-democracy,' within which the in-

(continued on page 8.)

[*]"Our origins"—Historically Dr. Dobbs is right. Why it was that the Guild Socialists lent an ear to Douglas before anyone else comprised by a group label is not clear. Evidently they were "looking for something." If so, it must not be inferred that what they found was the policy of their philosophy (i.e., that Social Credit policy is the policy of Socialism). It isn't. (Editor, T.S.C.)

PARLIAMENT

House of Commons: March 11, 1953.

Hydro-Electric Development, Scotland

(The Debate continued).

Mr. Gerald Nabarro (Kidderminster): I beg to second the Motion.

... It is pertinent to observe that the cost per kilowatt installed in this Breadalbane project is £204, which compares with a figure of £68 for an orthodox steam or thermal power station. I will not develop that theme, Mr. Speaker, as you have ruled that it is out of order to discuss the merits of alternative investment, but, as I understand it, you have generously said that one may strike direct comparisons. I therefore say that three times the capital investment is required in this Breadalbane proposal for one kilowatt installed compared with steam plant.

It may be argued that the Breadalbane works will last for 80 years—that is the period which the North of Scotland Hydro-Electric Board use for amortisation purposes—and that a thermal power station is amortised in its costs over a period of only 25 to 30 years. It is, therefore, fair to say that if the hydro-electric station at Breadalbane is amortised over 80 years, whereas the Portobello thermal power house at Edinburgh is amortised over 25 to 30 years, the amortisation in pounds sterling per annum is equal in each case.

It is also fair to point out that there is much ill-informed opinion in the national Press about the merits or otherwise of this Breadalbane scheme. The "Manchester Guardian," for instance, normally accurate in its reporting and pertinent in the observations which it makes, records this in one of its leading articles on page 6 today:

"Once built, a hydro-electric station's running costs are low."

They are nothing of the sort. Let the "Manchester Guardian" and all other national newspapers which spread this fallacious propaganda be condemned out of the mouth of the informant officer of the North of Scotland Hydro-Electricity Board, for this is what he said on 29th January, 1952—and in making that statement he evidently had Breadalbane in mind:

"The cost of production of present day hydro-electric schemes are on an average about 15 per cent. cheaper than steam schemes. On the other hand, the cost of transmission and distribution is heavier in the Board's area because of the distances involved. Therefore, in the final equation the cost of electricity to the consumer as between steam and hydro areas are the same."

... Of course, the Breadalbane scheme is much more remote from the centres of consumption of electricity than a steam station, and one would, therefore, expect the distribution and transmission costs to be a good deal higher.

To make a further point in connection with capital cost—because it is of immense importance—the Secretary of State for Scotland, in replying to just one more of my Parliamentary Questions on this issue, revealed that the Breadalbane scheme will have a plant load factor of only 40 per cent. The plant load factor means, in very simple terms, the extent to which the plant is employed out of its maximum potential capacity. It means, therefore, that the Breadalbane project will be employed for only 40 hours out

of 100. A few miles away, just completed, is Britain's most modern power house, Portobello. The British Electricity Authority tell me that the load factor of that station has reached an all-time record for the United Kingdom of 80 per cent.—probably the highest in the world.

That means that the capital employed in the Portobello thermal station is being employed as to 80 per cent. of its maximum potential—twice as great as will be the case at this hydro-electric proposal at Breadalbane. Therefore, not only is the cost per kilowatt installed of this Breadalbane project three times greater than that of a thermal station, but the employment of the capital in Breadalbane is only a half as active as in the case of the modern Portobello steam station, with the result, in the final equation, that the capital cost at Breadalbane is six times as great as that at a modern steam plant.

... I think it would be significant to read an announcement that appeared in our national newspapers only a few months ago. It was this:

"In view of the recent restriction on capital investment the British Electricity Authority have found it necessary to review the relative priority of their various schemes, particularly those having a high capital expenditure compared with output of electricity. As a result, they have decided to defer the promotion of legislation which would enable them to carry out further hydro-electric development in North Wales."

That appeared in the "Manchester Guardian" and the "Liverpool Post" on 4th November and 5th November, 1952. It is analogous to the problem that we have before us tonight—that of the relative application of capital investment in order to fulfil two essential features of a national fuel policy. . . .

These Breadalbane proposals must, in my view, if they are to be successful, conform to two fundamental desiderata. For every £1 million of capital vested in the scheme there must be a maximum output of fuel and/or power at the earliest possible moment, and the maximum conservation of coal. The Breadalbane proposals conform to neither of those desirable objectives, and that is why I am so critical of them.

The protagonists of the Breadalbane proposals and other similar hydro-electric schemes make three simple points in their support. They say, first, that this Breadalbane scheme will save coal. They say, second, that this Breadalbane scheme is designed as a contribution towards meeting the shortage of electricity. They say, third, that the Breadalbane scheme will lead to further electrification of the Highlands. All are disingenuous, all are quarter truths and all neglect capital investment ratios, and I propose shortly to demolish all three arguments.

The first argument is that they save coal. My right hon. Friend the Secretary of State for Scotland, in response to another of my Questions on this issue, said that the coal saving would be 180,000 tons a year. He based that on a conversion ratio, which I asked him to base it on, of 1.31 lb. per unit of electricity. That was the average conversion rate for all British Electricity Authority power stations during 1952. But if there were an alternative investment in a modern steam station instead of Breadalbane, we should be replacing very old power houses in Scotland which are working on a low thermal efficiency, and if the investment were made to replace those old stations, the coal saving

(Continued on page 7.)

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Saturday, April 11, 1953.

From Week to Week

We are happy to announce that Dr. and Mrs Geoffrey Dobbs have consented to become responsible for the arrangements for a Memorial to the late Major C. H. Douglas.

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The view which has been widely propagated that the Russian Administration is a collectivity of men whose minds are filled to the exclusion of every other idea with doctrinaire Marxism, a collectivity of fanatics separated from all touch with reality besides the realities developed by the tyranny they uphold, when taken in conjunction with the skill they display in diplomacy, may, of course, conduce to the belief that *The Times* is really right, and Communism, besides being inevitable, is quite a good thing provided you get the right brand—in this case, one of the British Party brands, 'Conservative,' 'Liberal' or 'Labour' (not 'Communist': that would give the show away).

The various changes of 'line' which are now being announced as rapidly as may be, following Stalin's death, seem to cause great perplexity to the leader-writers, whose usual reaction, like Mr. Eden's (the man who never had an idea in his head) is to believe that 'it's some trick.' The inference to be drawn from that is that on no account must 'we' stop the armament drive. What would happen in America (particularly in America) if 'we' did? Without the 'guns instead of butter' which they are making, the Americans would starve to death through shortage of purchasing-power. The Financial System ordains that no one may eat butter unless he makes guns—and for guns read a fantastic proportion of capital goods of all kinds plus all the accounting and bookkeeping which goes on, non-productive office work, and much besides.

If there were any internal trouble in Russia, political or economic, it would be killing two birds with one stone to relax the tension. This is more obvious along the line of economic difficulty. It has been suggested that far too high a proportion of available man-power has been diverted to 'guns' in Russia and that a critical shortage of 'butter' is the result. That is merely to say that Russia has reached the critical point of the 'cold' war before the Western Powers. It seems to us unlikely that Russia has not, in fact, as she is reported to have, atomic power comparable with that of America at her disposal. It is not impossible that someone should jib at the prospect presented by the immense impersonality of present-day military power.

The Weimar Republic*

By DRYDEN GILLING SMITH.

After the war Herr von Papen obtained the lease of an estate in his native Westphalia. Being fairly close to the Ruhr, the country people of his district were threatened by Communist revolutionaries, so von Papen was asked to organise a volunteer company to deal with them . . . "we had to hide our few valuables and reserves of food . . . It was during these troubled days that some of my neighbours, particularly the leader of the Westphalian Farmers' Association, Freiherr von Kerkerinck zur Borg, suggested that I should represent their interests in the Prussian State Parliament . . . The chief problem was to decide which party to join." The system of voting, to which von Papen was opposed, was praised as "the most democratic in the world" because no votes were "wasted." The Parties drew up lists for an area of perhaps half a province, and out of the two million odd votes cast, each party was entitled to one seat for every 50,000 which it (the Party) obtained. If it had half a million votes it doled out 10 seats to its most favoured supporters. As consolation prizes it gave the next people on the list seats in the state legislatures (which were chosen from the same vote-count). This was the last word in "Caucus Democracy," whose demoralising effect on the individuals taking part in it was fully described as long ago as 1902 by M. Ostrogorski in "Democracy and the Organisation of the Political Parties." M.P.s were entirely dependent on their Party. There were not even by-elections, since a member who died automatically had his place taken by the next man on the Party list. "Now the Weimar constitution has stood godfather to the Bonn constitution. The Socialists clung to the list system, although the Christian Democrats made a half-hearted attempt to combine this with individual constituencies. It seems that some people never learn by events."

Before going further in his narrative Herr von Papen makes some personal observations on the subject of constitutionalism which enable us to see how much he himself has grasped of the general principles underlying this matter. "The Constitution approved at Weimar in 1919 seemed to many a perfect synthesis of Western democratic ideas. Yet the second paragraph of its first article proclaimed the false philosophy of Jean-Jacques Rousseau—'all power derives from the people.' This thesis is diametrically opposed to the teachings and tradition of the Roman Catholic Church. Over centuries, the monarchy has represented the highest form of temporal authority in the State, but above it stood the still higher authority of spiritual teachings and Christianity.

"Now we had to accept the proposition that the State was the ultimate factor in all our affairs, and its institutions, both administrative and parliamentary, the final repository of authority. This meant as the Communist régimes based on these principles have proved, that the freedom of the individual and the framework of the law could be manipulated to suit the expediency of the State. But natural law should take precedence over State authority . . . Both the Central and State governments suffered from the same constructional fault. Legislative powers were

**Franz von Papen—Memoirs*, André Deutsch, London, 1952.

confined exclusively to a single chamber and there was no higher authority to provide for their correction and revision. . . . Ever since the French revolution . . . the philosophy of naked force has replaced the old relationship between power and authority, between reverence and piety on the one hand and force on the other." These statements are not designed to show von Papen as a great constitutional thinker, but rather some of the basic ideas which a man of his standing was able to sort out while 'roughing it' in the midst of one of the biggest political sumps of the day.

He eventually attached himself to the Zentrum Party which had been founded in the 19th century to defend Catholic interests against the attacks of Bismarck. The immediate problem was the threat of Soviet and Spartacist revolutionaries, though the attempt to deal with this was regarded abroad as "an attack on democracy and a manifestation of reawakened militarism. . . ." The nature of the threat to our social order can best be illustrated by a remark made by Lenin to my old friend, General Ali Fuad Pasha, who went to Moscow as the first Turkish Ambassador to the new régime: 'The next country to become ripe for Communism will be Germany. If they accept Bolshevist doctrine I shall move immediately from Moscow to Berlin. The Germans are a people of principle and remain faithful to ideas once they have accepted their truth. They will provide a much more reliable cadre for the propagation of world revolution than the Russians, whose conversion will take a long time.'

The 'Social Democrat' party was also Marxist, crying for the 'dictatorship of the proletariat,' though this influence was lessened by the restraint of President Ebert, and of Noske. Von Papen says that the Liberals and Conservatives were so bewildered and divided among themselves, having no solid foundations on which they were able to attack the Communist influence, and having no outstanding personality to rally them to a common objective (The Conservative chief Hugenburg was the former head of Krupps), the government was left continuously in the hands of a coalition of which the Social Democrats were the predominant element. "Hugenburg had the commercial rather than the spiritual traditions of 'Conservatism'." Papen blames his own Zentrum Party for sticking to the policy of coalition with the Social Democrats, in the hope that they might act as a brake, rather than try to apply the more effective sanction of forming a coalition with the Conservatives, Liberals and various small parties, even if this had only provided an occasional change of government from the monotonous socialism of the Social Democrats, a socialism, which on top of the defeat, the abdication, the inflation and threats of open Communist revolution, contributed so much to the general attitude of despair in Germany. Von Papen says that he has never been able to understand the tremendous amount of sympathy extended to the Social Democrats in other western countries, where they have always been regarded "as much more democratic than they really are. This is largely due to the fact that Leon Blum's Socialists in France were much more tolerant in their attitude while class war-fare and anticlericalism have never been official tenets of the Labour policy in Great Britain. . . ."

In the 1924 elections the Social Democrats began to

lose ground and the Weimar coalition had only a majority of two. At a Party meeting von Papen suggested that then was the moment for the Zentrum Party to change sides and form a new coalition, but this raised a storm of protest, which eventually resulted in his being excluded from all committees, though he began to acquire considerable support among conservatives in country districts.

By 1925 the Social Democrats had realised their decline in electoral power and did not attempt to put up a Social Democrat as Presidential candidate to replace their Ebert who died in that year. Instead they adopted the Zentrum candidate Dr. Marx. Even so he was defeated by the 'right wing candidate' or more accurately by the personality of Field Marshall von Hindenburg. Von Papen came into direct conflict with his party, in leading a campaign of support for Hindenburg among people of the 'centre parties.' "Here, it seemed to me, was an opportunity to reawaken some of those traditions that had been lost with the collapse of the monarchy."

Von Papen's influence by then had become strong enough for him to take a firmer stand against the 'party line.' In 1924 he bought 47% of the voting capital in the newspaper *Germania* which had been one of the central organs of the Zentrum Party. He became chairman of the board of directors, a post which he retained until he became Chancellor, eight years later. The paper continued to attack the anti-clerical activities of the Nazi party until 1938 when it was suppressed. Another activity which enabled von Papen to continue his independence was his close connection with the Westphalian Farmers' Union and the Agricultural Chamber of Commerce, on both of which he was a committee member. He also had personal contacts in the industrial world and knew "Albert Voegler, head of the Vereinigte Stahlwerke, and the Krupp family, with whose daughters I had often danced in their house as a young lieutenant. But I must insist . . . that it is a complete fabrication of the left wing press to suggest that I used these friendships to obtain funds which were used for hoisting Hitler into the saddle." In pursuance of the Zentrum Party's original aim of increasing freedom for denominational schools, von Papen found himself strongly supported by the Papal Nuncio to Germany, Monsignor Eugenio Pacelli, who is now Pope Pius XII. "It must be hundreds of years since a Pope knew Germany and the German people with all their virtues and faults, as well as he does."

In 1930 the Social Democrats quarrelled with the Zentrum Party over the financial reforms which they intended to introduce to carry out the Young Plan. The Social Democrat Chancellor, Müller resigned and was replaced by the Zentrum leader Dr. Brüning, who was frightened to have the socialists in opposition during an "economic crisis," so he hoped that by *NOT* forming a coalition with the Conservatives, he might thereby retain the socialist support for his measures. *Article 48 of the Weimar Constitution enabled a government, in a severe crisis, to enact legislation and seek the approval of Parliament at a later date.* Dr. Brüning made use of article 48 in order to form a government without a parliamentary majority, though when von Papen repeated this precedent two years later, the latter was called 'the gravedigger of democracy' by the 'left wing' press. Dr. Brüning's main intention seems to have been

to gain confidence by bringing home a new agreement from Geneva, which would lighten the burden of reparations in exchange for a new treaty of disarmament. He was sabotaged in this by General von Schleicher, head of the Political Division of the Army, who told the French Ambassador in Berlin, François-Poncet, that there was no point in granting concessions to Brüning because he was about to be ousted. General von Schleicher was the "political general" who hoped to attain power by doing a deal with the Strasser group of the Nazi Party and by-passing Hitler. He was killed in the 1934 purge.

In all these discussions of reparations, economic crisis, unemployment, *etc.*, von Papen shows no more than very conventional opinions. There is no attempt to explain why these things took place, or who personally were the people responsible for them. They are treated as "causes" rather than "effects," like earthquakes or floods, rather than as murders or "hold-ups."

Electioneering in 1930 gave the Communists 23 more seats. The Nationalists lost more than half their seats while the Nazis jumped from 12 to 107 and became the second strongest party. In 1932 Hindenburg's term of office as President expired. As he had been the chief element of national unity amidst the fierce party controversy, attempts were made to extend his term of office by constitutional amendment, rather than presenting the country with another electoral battle. The Conservatives were no longer willing to support this as they blamed Hindenburg for signing the Young Plan, and put up a candidate of their own. The curious situation then followed of Hindenburg relying for his electoral support on the 'left' and centre parties who had opposed him in 1925, and being opposed by the parties which had supported him in 1925. Hitler also entered the field as a Presidential candidate. In the first round he obtained 30.1%, Hindenburg 49.7%, the Communist candidate 13.3% and the Conservative-Nationalist candidate 6.9%. As there was no absolute majority a second election took place a month later when Hindenburg obtained 53% and Hitler 36.8% of the votes. This election, which von Papen had wished to postpone by agreement between the parties, had a tremendous effect on the morale of the Nazis, and was the turning point of Hitler's personal ascendancy.

Even at this manifestation of Nazi power the Zentrum Minister of the Interior continued to antagonise the Nazi supporters by banning the S.S. and S.A. WITHOUT putting the similar armies of the Communist Rotfront and the Socialist Reichsbanner under the same interdiction. This partisan action which was condemned at the time by Hindenburg could only predispose those who had no sympathy with the Communists or Socialists in favour of the Nazis. In fact the main reason for the growth of these private armies, or 'protection forces' had been the one sided party allegiance of the police forces for the previous 11 years. "Right wing meetings were continually broken up and interrupted by left wing radicals. The police, most of whom came under Socialist Ministers of the Interior in the States, did not and would not do anything about it."

General von Schleicher took advantage of this disagreement between Hindenburg and the Chancellor over the question of banning the armies of all parties or just those of the Nazis, to suggest the formation of a Presidential Cabinet,

composed of experts, under the leadership of von Papen, 'the outsider.' Von Papen at first refused and describes the reaction of Hindenburg. "Rising heavily from his chair the old Field Marshall put both hands on my shoulders: 'You cannot possibly leave an old man like me in the lurch' he said," and after a strong personal appeal 'from one old soldier to another' von Papen accepted. He had hoped that the emergency cabinet would be a means of putting through constitutional amendments, replacing proportional representation by individual constituencies and introducing an upper house "to give balance to the parliamentary system." Schleicher however was not for long content with the post of Minister of Defence which this new Cabinet gave him, and used the quarrel of the constitutional amendments and his theory that he could split the Nazi party and work with half of it at the expense of Hitler, as an excuse breaking with von Papen and forming a new cabinet on his own a few months later. It is interesting to note, in view of Dr. Brüning's later claim to have avoided all contact with the Nazis, the official communiqué of the Zentrum Party on the handing over of office from Dr. Brüning to von Papen. They did not support the latter's intended constitutional amendments. "The Party therefore rejects the temporary solution provided by the present cabinet, and demands that the situation should be clarified by placing the responsibility for forming a government in the hands of the National Socialist Party."

At the Lausanne Conference in June, 1932, von Papen tried to improve the German position by offering to M. Herriot a military alliance with France, as close as that which had existed before 1914 with Austria-Hungary, and including free access by all French Staff Officers to all departments of the German General Staff. However M. Herriot communicated this confidential offer to Ramsay MacDonald, whose naïve display of tactless diplomacy, prompted him to tell von Papen that such a Franco-German pact would be entirely unacceptable to the British government. No doubt Mr. MacDonald had just discovered what a balance of power was, but believed it was a game which other powers played out of sentimental respect for 'Old England.' "He begged me to abandon the whole idea, giving it as his opinion that a close *rapprochement* of this kind between Germany and France would upset the balance of European power." M. Herriot admitted that he did not mind if the Germans never paid any more reparations, but he must have a *promise* to pay or he would be forced by public opinion to resign. It was the people of this milieu who later complained about German broken promises. Von Papen was forced to agree to this promise, but the agreement lowered his prestige considerably in Germany, and gave the Nazis a pretext for attacking his government as defeatist. He had tried to warn the French and British representatives that unless the reparation and 'war-guilt' clauses could be settled amicably at the time, the chances of his or any other government holding out against the Nazis were extremely weak, and that the latter would probably settle them by force.

At home von Papen was faced with national elections which in July, 1932, increased the Nazis representation from 110 to 230 seats. When the Reichstag assembled on the 30th August the Zentrum and Bavarian People's Party combined with the Nazis to elect Goering as speaker of the

House (Reichstagpräsident). Following this an unholy alliance of Communists, Social Democrats and Nazis introduced a vote of censure on the government and Goering refused von Papen's right to speak. The House became a scene of disorder and there was nothing for von Papen to do but to place the dissolution order, which he had obtained from Hindenburg, on Goering's desk and walk out. Goering ignored this and continued with the vote resulting in a defeat of the government by 412 to 42. That night von Papen made a radio appeal to the country, and the next day received thousands of letters and telegrams "from every strata of society approving my stand and asking me to continue my efforts. . . . Viewing the situation in retrospect, I am now convinced that we would have done better to have governed for a time without the Reichstag." The difficulty of his government ever obtaining a majority in the Reichstag was expressed by Sir Horace Rumbold in a report to the British government in September " . . . persons wishing to support the Papen government, and they are in increasing numbers, will not know how to vote." Since the only party then in open support was that of the Nationalist-Conservatives it implied voting for the former head of Krupps. Even so the Nazis lost 35 seats at the next election, leaving them with 195, the Socialists 121, Communists 100, Zentrum 70 and the Nationalists 51. There was still the open threat that the Communists would join with the Nazis to overturn the constitution.

(To be continued.)

PARLIAMENT—

(continued from page 3).

would be twice as great as the saving inherent in the Breadalbane proposal.

Secondly, on the same theme—I do not wish to get myself out of order by pursuing details or merits of alternative investment; I merely wish to make bald statements of fact—if a similar investment were made in new carbonisation works in Scotland to replace old and low efficiency plants the coal saving would be twice as great as the coal saving in the Breadalbane proposal, if not more.

As is so often said by Mr. Tom Johnston, the Chairman of the North of Scotland Hydro-Electric Board, which has produced the pernicious Breadalbane scheme, why cannot capital investment be provided for the electrification of the Highland railway lines? I entirely agree with him, notably in respect of the 110 miles of line between Perth and Inverness, for the coal saving would show a much more handsome return on capital employed than the proposed investment in Breadalbane.

. . . Of course a scheme of the kind of that at Breadalbane will abate in small measure the electricity shortage, but at an uneconomically, if not an exorbitantly, high cost in terms of our precious capital investment monies. My hon. and gallant Friend referred to the shortage of money for capital investment on every hand, and in nearly every speech heard in this House that is the factor mentioned as bedevilling our national recovery.

. . . The third claim made is that this proposal will lead to further electrification of the Highlands. Nothing of the sort. The existing installed capacity of hydro-electric works in Scotland is more than adequate to meet the total

electric demand of the Highland area. If every croft, farm, smallholding, commercial undertaking and factory and every railway line were fully electrified the existing hydro-electric plant installed would be adequate to meet that aggregate demand.

Mr. Nabarro: According to the protagonists of this scheme, Breadalbane is needed for the production of more electricity for "export" to the Lowlands. Here are the figures. The installed capacity of the North of Scotland Hydro-Electric Board is 560,000 kilowatts or 560 megawatts, of which 391,000 kilowatts or 391 megawatts is in water power and the remainder is in oil or steam-driven plant. The existing capacity has to cover a potential demand from about 400,000 consumers. If the hon. Gentleman works out for any part of the United Kingdom, Scotland included, what is the average aggregate demand from 400,000 consumers in a largely non-industrial area, he will find that it is infinitely less than the existing installed capacity in the North of Scotland.

. . . I do not suppose that there is a Member from that area who is not continually receiving complaints about the connection charges demanded by the North of Scotland Hydro-Electric Board. I received a letter only two days ago from a farmer in the constituency of my hon. Friend the Member for Kinross and West Perthshire (Mr. Snadden).

Mr. Manuel: Why did he not write to his Member?

Mr. Nabarro: He wrote to his Member and to me. He is faced with the position of having to guarantee £171 a year for seven years to secure a connection from the grid of the electricity supply system the cables of which actually run across land adjoining his farm. The hon. Gentleman the Member for Orkney and Shetland (Mr. Grimond) complained in an Adjournment debate recently of exactly the same sort of thing.

What has happened in this case is that the figure of £171 per annum should be split among seven potential consumers, but the other six say that they cannot afford to participate. So the farmer is left with the prospect of having no electricity unless he guarantees nearly £1,200 over seven years. That is not the way to electrify the Highlands. A very high percentage of the power generated today, including the major part of that of the proposed Breadalbane scheme, is for export to the south and must be directly compared for purposes of capital cost and for production charges with operations by steam power.

Mr. Malcolm MacMillan (Western Isles): Will the hon. Gentleman make it clear, if he is going to make statements of that sort, that the Hydro-Electric Board sells in bulk to customers in the south in order to finance many of the uneconomic schemes, not only in the Highlands, but in the islands of Orkney and Shetland, and so on?

Mr. Nabarro: If the North of Scotland Hydro-Electric Board would devote its existing capacity to the unelectrified portions of the Highlands it could not only absorb the additional distribution costs, but do so more economically than by feeding additional power, in bulk, to the south. The hon. Member is accepting the argument, which is quite fallacious, put out by the Board to the contrary effect; it is not only fallacious but based on propaganda claims, and not on fact.

Now may I state the final reason why this expenditure

is inadvisable. We are opposing an Order tonight which provides for capital works that are supposed to last for 80 years or more. Does any hon. Member really believe that in the year 2033 we shall want hydro-electric generation in Scotland, or elsewhere in the United Kingdom? I do not. Much scientific opinion is agreed that within 20 years, or perhaps just a little more, certain stations will be driven by atomic power and that, within 30 to 40 year there will be universality—

Mr. M. MacMillan: I thought that the hon. Member wanted them driven by steam.

Mr. Nabarro: The hon. Member, in his ignorance, says I want them driven by steam. I want that for the next 30 years or so, because that is the period which will elapse, in the view of scientists, before we have atomic driven turbo-alternators. That is not the opinion of a layman, but of an outstanding scientist.

Sir John Cockcroft, Director of the Ministry of Supply energy research establishment at Harwell, has spoken about it, and his view, and that of other eminent scientists should be considered. Sir John, lecturing to the Institution of Electrical Engineers on 8th January, 1953, said:

"It seems to be fairly certain now that large-scale nuclear power stations of the natural uranium type can be built within a time scale not very much different from that of a conventional power station. They will not be likely to work with the highest efficiency in the first place; but with reasonable efficiency they will be likely to produce power at a cost not much greater than that of existing power stations. That is all we can ask from the first experimental units."

I have no doubt that a quarter of the way through the projected life of this Breadalbane scheme it will be rendered obsolescent by the advance of science, and the application of atomic energy. . . .

The Joint Under-Secretary of State for Scotland (Mr. Henderson Stewart): When the news first broke upon the astonished world that this Prayer was to be put down the House was filled— . . . [with] . . . rumours that something frightful was going to happen. We were to have a debate which would last all night; some of the speeches would last over an hour, and there would be a challenge to the Government. I never believed any of those stories, and I am very glad to discover that all that my hon. Friends wanted was an opportunity to discuss this matter. . . .

. . . The main advantages in this particular scheme to Scotland and, indeed to the United Kingdom, are these: it creates power without using coal, supplies of which are barely keeping pace with demand. This scheme, we know, is calculated to be equivalent to saving 180,000 tons of coal. I represent a part of Scotland where we produce coal, and I ask my hon. Friends who are from agricultural areas to believe that 180,000 tons of coal is a great deal of coal. It involves the employment of a great many men; and coal today is of enormous value to this country, and will be for years to come. The Hydro-Electric Board up to the present is operating in such a way as to save the equivalent of about 600,000 tons of coal, and they will go on saving more and more as the new schemes come forward.

I do not need to tell my hon. Friends how vital it is that our coal production should increase, that we should use it in the most economical way, and that the greatest quantity should be available for export. This scheme makes a

clear and definite contribution to that very important object. . . I cannot think that any Highland Member will ask seriously for the annulment of a scheme of this kind which gives employment to his constituents, which has been giving employment for six years and is likely to go on doing so for 20 years. That is the practical issue which we face. . . .

BALANCE IN SOCIAL CREDIT—

(continued from page 2.)

congruous 'New Economics,' if retained at all, survives as a foreign body, sealed off from all practical influence by relegation to some hypothetical future time when the successful pursuit of 'social-democratic' politics on a World scale will 'bring in Social Credit.' That is to say, they continue through force of habit, the habit which has been the downfall of all libertarian efforts within the body of Socialism, [†] to look to the politics which centralise power to bring about its decentralisation; so that this arrested 'Social Credit,' which finds its inspiration rather in the successful pursuit of power by the methods of ballot-box democracy in Western Canada than in the new methods and new hope provided by Douglas, is merely giving one more demonstration of the hopelessness of trying to escape from the trend of socialism without making a clean break with it.

The effect of this is, of course, that, through the continual practice of the 'Old Economics,' even such grasp of the 'New Economics' as has been obtained is progressively weakened. It is impossible to stop moving against the trend without being carried backwards by it. At every step forward a number of people have dropped out and some of them have turned against Douglas rather than change their opinions; while others have been encouraged and have turned towards him. This is inevitable, for social credit is antidotal to the social disease of the age, and therefore *must* stress precisely those truths which constitute a denial of the most strongly held prejudices. It is not lightly held and easily surrendered opinions which are responsible for the prevailing 'trend' towards disaster: it is precisely those prejudices which are so widespread and strongly held that people are afraid to oppose or expose them. In fact, the courage required to join issue with a false opinion is a measure of the necessity for doing so.

The tremendous adventure and advance in which the Social Credit Movement in Great Britain is, and has been, engaged, under the leadership of Douglas as transmitted through the Secretariat since 1934, has not been fully realised by anyone abroad who has not visited this country; nor indeed, by many in this country who would call themselves social crediters but have remained out of contact, and sometimes in complete ignorance of what the centre and spearhead of the movement was doing.

[†] See previous note. But, just as the philosophy of Social Credit is not Socialism, neither is it Liberalism. Mr. Charles Morgan was probably right in saying that the modern dispute is a dispute concerning the Nature of Man. The man who works to establish *his* order of society has nothing in common with those who work towards the Right Order. (Editor, *T.S.C.*)