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The Weimar Republic*

By DRYDEN GILLING SMITH.

(continued).

As the 'denazification' courts were later run on the principle of 'one member from each party and two for the Jews' it is interesting to note the *attitude of the parties* at this point. They were far more upset by von Papen's attempt to ignore the Parliamentary majority than by any possible action of the Communists and Hitler, separately or together. The Socialists refused to negotiate and the Zentrum leaders declared that the only solution was a government which "restores contact with the people's representatives and ensures the parliamentary majority the situation demands."

Hindenburg then asked Hitler to form a government in coalition with the Zentrum and the Nationalists who had previously agreed to Hindenburg's request that they should join. Hitler refused. Having seen two examples of a Presidential Cabinet he had decided that this was much more suited to his purpose than dependence on a parliamentary coalition. Hindenburg refused to give him office on these terms.

General von Schleicher again put forward his theory of splitting the Nazi party, and brought pressure to bear on Hindenburg by saying that *unless* they (a considerable section of the Nazi party) could be brought on to the side of law and order, he, as Minister for Defence, had not the forces at his disposal to deal with possible disorders by both the Communists and Nazis. This was certainly an indictment of the limitations imposed on the German forces by the Versailles treaty. However Schleicher was hardly the best advocate for such a point of view. He obtained the office of Chancellor by this threat, but immediately antagonised the Nationalists. Any Nazis who might previously have joined this political general now thought twice about attaching themselves to a man who was fast losing all other support. Schleicher was forced to return to Hindenburg and admit that his schemes for a new political coalition had failed, and that he must either send for Hitler or dissolve the Reichstag and declare a state of emergency. Schleicher asked for powers to do the latter. At this stage in the proceedings there was no other conclusion for Hindenburg to draw than that Schleicher was dangerous and unreliable. Schleicher had said in December, 1932, that such a measure would lead to civil war and that insufficient forces were available to deal with civil war. In January, 1933, he was now asking for powers to do what he had declared impossible for a government with a much larger basis of support.

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

There was no alternative for Hindenburg but to send for Hitler. But Hitler had demanded a Presidential Cabinet similar to that of his predecessors. There was one untried alternative. That was to offer Hitler the chance to serve as Chancellor in a Presidential Cabinet, but along with the previous "team of non-party experts" and not with his own party followers. The hope was that Hitler would be tamed by office and its trappings. Even the wearing of top hat and tails was said to have subdued Hitler considerably, until his party friends persuaded him to abandon this badge of office and return to his party uniform.

Many Germans were being forced to the same conclusion, that Hitler was the only one left whose influence was strong enough to restore order, if he could be "tamed." Schroeder, the Cologne banker, said to von Papen that he, as an important public figure without party ties, might be the best suited to bring Hitler to an "understanding," and arranged a meeting at his (Schroeder's) house in Cologne early in January, 1933. Schleicher used this meeting as a propaganda move to discredit von Papen. He had had private detectives shadowing von Papen after his resignation and one of these photographed von Papen entering Schroeder's House to meet Hitler, Hess, Keppeler and Himmler for lunch. This photograph became front page news in the Berlin papers, long before von Papen had time to communicate the results of the meeting to Schleicher or to Hindenburg. The meeting was a sounding of Hitler's demands and was quite open, though private, because none of the persons present held office. However the Berlin newspaper stories have been expanded into legends of Hitler's being smuggled in through the back window.

On January 22, 1933, von Papen, after consultations with Hindenburg, again met Hitler and leading Nazis. On January 28, he found a course of action agreeable to Hindenburg, Hitler and Hugenburg, the nationalist leader. Hitler agreed to accept the post of Chancellor and to allow Hindenburg to fill the other posts, provided those chosen considered themselves independent of their parties. Hugenburg agreed to serve as Minister of Economics, Food and Agriculture. The Foreign Minister, and the Ministers of Finance, Justice, Transport and Posts remained the same as the von Papen cabinet in 1932. Schleicher, as Minister of Defence, was no longer considered reliable by Hindenburg and replaced by von Blomberg whom he had known in East Prussia. A new office of Vice Chancellor and Reich Commissioner for Prussia was created for von Papen. The new Nazi members were Dr. Frick, Minister of the Interior, and Goering, Minister without portfolio and Reich Commissioner for Aviation. In the meantime Schleicher sent a private messenger to Goering to say that von Papen's aim was to deceive the Nazis, and that they would do better to combine with him. He said that if Hindenburg proved difficult he himself would be

able to call out the Potsdam guard. The Nazis, remembering Schleicher's earlier attempts to split the party, refused outright and informed Hindenburg of the offer. This boast by Schleicher that he could handle the army was no doubt responsible for his death in the 1934 purge.

There are so many newspaper legends about him that von Papen spends a good part of his book to explain their origin or refute them. One of the legends was that he financed the Nazi party and another that he acted as an intermediary between various financiers and Hitler. As we have seen, Hitler was already in contact with Schroeder before his meeting with von Papen. However, a book published in Holland in 1933 called *De Geldbronnen van het Nationaal-Socialisme* by Sidney Warburg (Van Holkema & Warendorf, Amsterdam) apparently implicates him, and in refuting the story about himself, he takes what I feel are unnecessary pains to 'clear' the character of James P. Warburg, who has, in other works, been equated with the Sidney Warburg mentioned above. In fact von Papen inserts as appendices to his book two statements by James P. Warburg "to those duly authorised to ascertain the truth," 'proving' that certain books are libellous and/or forgeries, that neither he nor his family used the name of Sidney, and that he never invested his money in the Nazis to protect his European investments from the Communists. In fact he had never considered the Communists as a danger (Too bad if they were, after all that Mr. Warburg's firm had done for them!). Libel actions he considered to be just what the authors wanted for publicity, so Mr. Warburg contented himself with "approaching" the Swiss and U.S. governments, and the British and High Commissioners for Germany, and depositing a formal affidavit to "prove" that the books *Liebet Eure Feinde* by Werner Zimmermann (Fankhauser Verlag, Thielle-Neuchâtel, 1948) and *Spanischer Sommer* by René Sonderegger (he calls him alias Severin Reinhardt) are falsifications. We have heard, in these columns, of the methods used in Switzerland to "prove" that Sonderegger was wrong, resulting in his seeking political asylum in Spain. Until the detailed accusations said to be contained in these three books are readily available in English translation, it is impossible to hazard a judgment about their veracity. The mere statement by Mr. Warburg that 'he didn't do it' and that the books are 'all lies,' is surely what one would expect in the circumstances. It doesn't prove anything one way or the other. I have no wish to prove that Mr. Warburg said to Hitler "Now you be a good lad and get on with it and Uncle Jimmy will see you don't suffer for lack of funds." That would be a clumsy way of doing things and totally out of keeping with the much more subtle character of this veteran of Kuhn Loeb, and the Federal Reserve. *Supposing* that Master James had wanted Hitler in power for some reason best known to himself, then he would be sure to go about it in a much more discreet manner. An important say in the control of credit facilities would help anyone who wanted to produce the world 'slump' conditions of the early 1930's. In a constitution like that of Weimar, where seats were only won by parties, the weakness of the older looser forms of Party association would only be replaced by the strength of one of the more closely knit new

"extremist" parties. The desperate situation of the 'slump' would turn larger numbers of people in favour of the parties advocating 'desperate' measures. Now, contrary to popular supposition, the unpleasant features of Nazi Germany would probably have been the unpleasant features of government by any other new party, or old party under new management, that might have come to power in the 1933 situation; *i.e.*, one should look for the causes of these unpleasant features in the unbridled supremacy of a party, organised as was the Nazi party, rather than in any special aims which its leaders pursued.

This is an important point which is not sufficiently emphasised. Ostrogorski observed that "Sentimental devotion to the party, which the Caucus kept up as a cult, by saving its followers the trouble of professing reasoned political principles, released them from the moral and intellectual discipline which principles impose on conduct. . ." In the older parties this sentimental attachment was counteracted by sentimental attachment to a Church, perhaps to a 'vague religious hangover,' and to the forms of a Constitution however little understood. When these other considerations become obliterated, as in the spiritual anarchy of Germany in the years following the 1918 defeat and in Russia after the revolution, then the hold of the Party on the individual's sentiments becomes complete, and the demoralising process to which Ostrogorski referred becomes almost total. The attitude of the party man ("we can do this, that and the other because there are a lot of us and not enough of you to stop us"), and his crude bullying behaviour result from the demoralising effect of one of the most spurious forms of human association, the Party. In Russia (a country where there are not even the restraints of European civilisation on habits of thought) the quite predictable effects of Party supremacy on human behaviour were described in great detail by Kravchenko. Both von Papen and R. T. Paget (in his biography of von Manstein) describe the same effects in the ranks of the Nazi party. Even Hitler was unable to control these effects which he had helped to cause, but he was able to play off the army (whose allegiance was to him personally as head of state and not to the Party) against the Party and *vice versa*. There were other restraining influences in Germany, which though partly emasculated, put some check on Party supremacy. These influences have never existed in Russia. I repeat that the *doctrine* of the Party (Communism, National Socialism, Socialism or other) is not the operative factor in this demoralised condition of its human content.

The chances are that any Party as such, which achieved power in Germany in 1933 would have behaved in roughly the same way. What it would have achieved would have depended on whether the Party leaders were more or less able than Hitler and his circle, and whether they could command the army. The party devotion blinds its members to their long term interests and makes them accept war for a vaguely defined unlimited objective. German victory on 'Party' terms would have meant complete dissipation of German (human) forces to hold down vast areas of territory, and defeat to the consolidation of Russia in Europe.

To any one of Mr. Warburg's intelligence the latter possibility must have been clear from the start. A reckless movement in Germany which would probably lead to that country's

destruction; all of western Europe watching Germany and ignoring Russia; prolonged conditions of war or occupation in the other western countries conducive to the permanent imposition of widespread administrative controls and/or to Communist revolutions; a possible alliance between the western powers and Russia which would enable Russia to keep as much as she could take from Germany and the Balkans; finally a much advertised lack of respect for Jewish persons by any powerful party in Germany would help to flood Palestine with sufficient numbers of Jews to seize control of that territory, and drown any critical awareness of Jewish characteristics, in other western countries, by a propaganda-stimulated wave of sentiment for "the poor Jews" (this was the perfect bait to catch the sentimental English).

A further digression on "the Jews." Fundamentally they are unimportant just as a housemaid is unimportant. She becomes momentarily important if she puts dynamite on the fire and blows up the boiler. If you have Jewish individuals and groups tinkering with your financial system, so that it is only good for helping other groups of Jews to enjoy themselves running revolutions at everyone else's expense, you don't stand there sighing with pity because a few "poor Jews" happen to get blown up in their own experiments. Is it because so many British and Americans know more about Jewish history (Old Testament) than their own history, that they indulge in this crazy pastime? Ritual killings are what the Jews enjoy because it convinces you, them and everyone else of their own importance. Punish a man for being a crook, but never let him get it into his head that he is punished for being an Englishman, a Frenchman or a Jew, for he will immediately convince himself that he is a martyr and exult in his punishment. Of course a Jew usually has such an inflated idea of his own racial importance, that no matter why he is being punished he always takes a chance on it and presumes that you have a "down" on his race. In a surprisingly large number of cases he gets away with this and actually succeeds in convincing the punisher and everybody else that his chief "crime" was that of being a Jew. From that moment you forget all about the original crimes you were trying to stamp out and start laying into every Jew that comes your way, much to the joy of the Jewish criminal who sees that there is very little chance of his being badly hit in a battle which involves his whole race.

However, because one country makes the mistake of exaggerating the importance of the Jews by ritual killings (this is not necessarily the truth about Germany, *vide* Douglas Reed's *Disgrace Abounding*: I am describing the *appearance* of Germany's behaviour to the English *via* the press *etc.*) that is not the slightest excuse for another country to exaggerate the importance of the Jews by excessive adulation. What Germany or any other country does with its Jewish populations should have no bearing whatsoever on British foreign policy. It is as idiotic to allow the so-called "pro" or "anti-semitism" of another power to interfere with our concepts of strategy, as it would be to subjugate our foreign policy to that of a 'crusade for the pigmies' or to a life-and-death struggle against anti-zuluisism. Herbert Morrison please note.

This treatment of Warburg and the Jews has been made necessary by von Papen's rather sketchy dealing with these topics. Von Papen has no bee in his bonnet

about the Jews but is perhaps excessively deferential to them, no doubt he feels that this is the only way he can gain a hearing. He makes no criticism of their behaviour in Germany from 1918-33 and attributes outbreaks of violence against individual Jews to excesses on the part of Nazi followers. He says that he did what he could, both in public speeches after Hitler's rise to power and in personal argument with Hitler, to show that ill-treatment of Jews *qua* Jews would not help Germany's interests. Perhaps he has to placate Mr. Warburg for similar reasons since the latter has shown himself quick to use the military occupation authorities to "deal with" any publication that mentions Mr. Warburg in unflattering terms. However there was no real need to drag him into it at all, and certainly not to re-iterate and endorse Warburg's proof of his own "innocence." As we have seen, anyone of Mr. Warburg's intelligence must have regarded the emergence of Hitler, as only one step in a manoeuvre to bring a consolidated Soviet Russia to the banks of the Rhine, or very nearly, along with the Jewish seizure of Palestine provoking the neighbouring powers to "throw the Europeans out of the middle east." This is not being wise after the event. Mr. Wyndham Lewis outlined this as a logical sequence of events as far back as his unemotional book *Hitler* in 1931, and repeated it many times, notably in *Left Wings Over Europe* (1937). Readers will be familiar with many similar statements by Major Douglas and other social crediters, none of whom claimed to be a 'prophet' but merely stated what *should* be obvious to anyone who studied the facts honestly.

The operative questions which one should ask of Mr. Warburg's *actions* (or those of any other financial 'wizard' from the benighted states of Baruchistan, or anywhere else) is whether they were directed towards obtaining as a *result*, the situation with which we are now faced, or a worse situation towards which the present one is supposed to lead. There were obviously many places where political leaders in other countries *could* have stopped behaving like automatons, asked themselves "what after Hitler?", and made a deliberate effort to avoid any action conducive to the unpleasant result of war in Europe. There were many variable factors and it would be absurd to pin down Mr. Warburg's supposed guilt or innocence in helping to shape the present situation, by an argument as to whether he or his firm personally handed over money to the Nazi party, by which means the latter was able to obtain power. The Nazi party was only one of many variable factors, and in any case the whole conception of this sort of transaction is based on ignorance of money matters. It ignores the nature of credit and the way in which irresponsible control of credit can force one country to make use of its real credit for military purposes,
(*continued on page 8.*)

DR. AND MRS. C. G. DOBBS would welcome, for periods up to a week or ten days during August, 1953, a few people as (expense-sharing) guests who would be interested in combining a holiday in North Wales with a serious study of Social Credit. Applicants should be annual subscribers to *The Social Crediter*, or strongly recommended by social crediters of long standing.

Enquiries should be made to Mrs. C. G. Dobbs, Bodifry, Bangor, Caernarvonshire.

THE SOCIAL CREDITER

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Saturday, April 18, 1953.

From Week to Week

Mr. George Schwartz complains that his tongue is hurting his cheek. Why does he put it in the wrong place?

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The Policy-Holder, a Manchester journal devoted to Insurance, founded in 1883 and published regularly ever since, publishes some comment on present difficulties which suggest that some, though perhaps not much water has flowed under the bridges since the present century began. "Oudeis" has more meanings than one, but, in this instance, "good-for-nothing" is certainly over modest. However that may be, it is "Oudeis" who writes that a country can increase its productive capacity by adding to its capital "(its real capital, devoted to the purpose of making more wealth) . . ." and in other ways. Let them once get a firm hold of the distinction between *real* and *financial*, the economists' wagon is hitched to the right star, and, if their rope is sound, there can be but one destination. "Oudeis" seems (though we have experienced this seeming before) not unwilling to reach it. He says:—

"I am prepared to argue that our most vivid problem in the coming months is one which no country in the world has ever solved—which, indeed, may prove entirely beyond solving.

"It is that where production is carried on by rationalised methods, it is impossible to distribute enough purchasing power among the workers to enable them to buy the things they have themselves produced.

"The Victorians provided a ready reply—they said in effect: 'The world is our market; for every yard of cotton cloth we sell at home, we will sell nine yards abroad'; and it was a grand answer while it was effective. But the world is no longer our market—instead, it consists of countries that do not accept our goods, or of countries that increasingly compete with our goods.

"It is not in any sense my purpose to express a philosophy in which the dominant emotions are those of a period of slow decay—I am merely stating certain facts which are increasingly obtruding themselves on our consciousness.

"From the obese comfort of the Victorians to which I gave a brief mention we have moved a tremendous way. The main reason is that for fifty years or so certain blocks of human beings have been attempting to achieve progress

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by violent means. They have failed to show much success in their efforts; but what is more to the point so far as we are concerned, they have left us in a position of financial strain which may last for a generation at least."

If "Oudeis" looks a little closer he will see that 'the grand answer' was no answer at all; but that, on the contrary, the real effect of selling nine yards of cotton cloth abroad was to give nine yards of cotton cloth away for nothing: the purchasing-power distributed sufficed to buy the other yard (and not always that). It is not so simple as that?—No, it isn't; but that is at least as true as the notion of the "obese Victorians." "Oudeis" says "there is no short-cut to Utopia." Again, no, there isn't: it was the Victorians who thought that voiding (real) wealth was a "short-cut." It wasn't.

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The Bishop of Chester is Chairman of "The Industrial Christian Fellowship" and as such desires to "strengthen the link that may exist between the Church and the industrial life of the nation." Now why should the Church be linked to "the industrial life of the nation?" Can there be any more meaning in an "Industrial Sunday" than in, say, a "Turf Sunday" or a "Pools Sunday" or a "'Trade' Sunday" (meaning, of course, *The Trade*)? In horse-racing and in Sir Alan Herbert's pastime as in industry, men and women pass their lives, and doubtless it would be better if the bond between them and the Church were strengthened. But why, even when faced by the difficulty of inventing an attractive name for an activity, find it in an abstraction? Is Industry as a function to be condoned or is the Church as an institution to be industrialised? Which is to be tied to which? The Anglican Clergy seem to be accelerating towards a total subordination to Statism. "The industrial life" of the nation:—if, as some assert, the industrial 'life' of the nation is an unwholesome passing phase to be recovered from for men's sakes, why bind the Church more strongly to it?

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A competent group of Social Crediters in British Columbia have constituted themselves a Secretariat under the Chairmanship of our friend of long standing, Mr. J. Vans Macdonald, of Vancouver. They are to be congratulated upon their success in thus surmounting very great obstacles. An election almost immediately is likely to return the present "Social Credit" administration with a working majority. Not only then but by the election itself there may be some clarification of the position in Western Canada. Not for nothing is there widespread publicity, some of which has been mentioned in *The Social Crediter*, of a "factual reporting" kind—or what the reporters deem to be "factual" in tone and intention. As in England, one of the greatest obstacles to fully adult action in line with political realism is juvenile politics in line with political (and individual) fantasy. Our Director of Overseas Relations is "slow to wrath and of great understanding." His modest *caveat* last week nevertheless masked a righteous annoyance with the several private 'Secretariats' in England which have extended their mischievous contacts abroad considerably since

PARLIAMENT

House of Commons: March 16, 1953.

Rations (Take-up)

Mr. Lewis asked the Minister of Food to state for the the four ration weeks ending February last, the non-take-up of meat, bacon, butter and margarine; and how these figures compare with the four ration weeks ending October, 1951.

Major Lloyd George: For the four weeks ended 21st February the percentages not taken up were nil, 8 per cent., 3 per cent. and 6 per cent., respectively. For meat, this is the same as for the four weeks ended 6th October, 1951; for bacon, more; and for butter and margarine, slightly less.

Jam (Fruit Content)

Mr. P. Wells asked the Minister of Food if he will now increase the fruit content of jam.

Major Lloyd George: The Food Standards Committee has recently made further recommendations which I propose to adopt. I shall shortly make an Order increasing the minimum fruit content of both raspberry and loganberry jam from 25 per cent. to 30 per cent. and of blackcurrant jam from 22 per cent. to 25 per cent.

Mr. Wells: Is the Minister aware that this long-delayed decision will be very welcome to growers and consumers in this country?

Mr. Nabarro: Will my right hon. and gallant Friend bear in mind the large surplus last year in the Worcestershire plum crop and apply similar increases in the case of plum jam?

Milk Consumption

Mr. Willey asked the Minister of Food why the consumption of full price fresh milk for January, 1953, was 1,400,000 gallons less than for January, 1952, and two million gallons less than January, 1951, although the production of milk for January 1953, was greater than in the corresponding months in 1952 and 1951.

Major Lloyd George: The change is too small to be assigned to any specific cause.

Mr. Willey: Is the Minister aware that most of us do not regard this change as small, and that what we now want from him is an assurance that there will be no further increase in the price of milk this year?

Major Lloyd George: I am not at all sure that the price has much to do with it, because welfare milk and school milk, where the question of price does not arise, have fallen by about the same proportion.

Mr. Willey: Will the Minister look up the figures for school milk, when I think he will find that consumption increased last year as compared with the previous year, according to the figures published by the Labour Government?

Major Lloyd George: It is because I have looked at the figures that I gave them.

Prices

Mr. Gaitskell asked the Minister of Food whether he will state the increases in the prices of the various foods necessitated by the reduction in subsidies; when they became effective; and how much saving was achieved in each case in the financial year 1952-53.

Major Lloyd George: As the Answer involves a number of figures, I will, with permission, circulate it in the OFFICIAL REPORT.

Following is the answer:

The price increases required to carry out the decision announced by my right hon. Friend the Chancellor of the Exchequer to reduce the subsidy ceiling from £410 million per annum to £250 million were as follows:

Commodity	Price increased during 1952-53 by	Date of Operation	Estimated Saving in 1952-53
Bacon	5d. per lb. (average of all cuts except gammon)	5th October	£m. 15
Meat (carcase) ...	4d. per lb. (average)	15th June	48
Milk (liquid) ...	1d. per quart ...	1st July	20
Butter	6d. per lb. ...	5th October	6
Cheese (rationed)	2d. per lb. ...	5th October	1
Margarine and Cooking Fat (domestic)	2d. per lb. ...	5th October	5
Sugar (domestic)	1d. per lb. ...	5th October	4
Tea	10d. per lb. (maximum)	15th June	13

Members' Salaries

Mr. Lewis asked the Chancellor of the Exchequer if he is aware that in 1911 Members of Parliament received £400 per annum salary; and what rate of salary would be necessary today for a Member of Parliament to receive the equivalent in purchasing value of £400 per annum in 1911, £600 in 1937 and £1,000 in 1946.

Mr. Boyd-Carpenter: Yes. The equivalent rates today would be approximately £1,480, £1,400 and £1,460 respectively.

House of Commons: March 17, 1953.

Iron and Steel Bill

Order for Third Reading read.

The Parliamentary Secretary to the Ministry of Supply (Mr. A. R. W. Low): I beg to move, "That the Bill be now read the Third time." . . .

Mr. Jack Jones (Rotherham): . . . No one qualified to do so has told us why this Bill is necessary. The Parliamentary Secretary said that he was not well versed in the subject. We do not hold that against him, but there are plenty of people behind him who are. If it were true that the present set-up in the industry had failed the public interest in any way we could understand the necessity for bringing forward this Bill. But there is not one jot or tittle of evidence before the House to that effect.

All the things which this Bill seeks to do are being done, with one exception. The Bill seeks to put back into the hands of a few the power to increase their profitability as the result of the endeavours of management and workers in the industry. That is the only reason for the Bill. At the last Election the Tory Party promised the electorate that the industry would be handed back to private enterprise. But it is too bad that they should come to this House without real evidence of the necessity for this Bill, or proof that the existing set-up has failed the public interest. It is a shocking thing that this Bill should go on the Statute Book without any effort being made to prove that nationalisation has not served the public interest.

I know why Her Majesty's Government will not seek to prove that the existing set-up has let the country down. It is because we, when we were in power, were shrewd enough to see that they would not be in a position to do so. We left the existing managements as they were. It is not possible for anyone to say, on "D day" or "X day" or any other day when private enterprise takes over, that X, Y or Z organisations can produce more than is being produced at the moment, because if they could then for some considerable time the management of those organisations have been sabotaging the industry under the present set-up.

I come back to the point that the intention of this Bill is purely political, to hand this industry back to those who care to buy part of it—for only part will be sold. When the steel workers come under the new organisation, in addition to making steel they will be expected to make an increased amount of profit for the new owners. Otherwise, what is the purpose of people buying the industry? They do not do it with any altruistic intent, but solely for the purpose of regaining a position in which they may feather their own nests and, at the same time, secure greater economic and political power; because those who control this industry have great economic and political power.

We on this side of the House intended from the start to be objective and constructive about the Bill. We should have been foolish to be otherwise. I once attended a savings group meeting where one of the highest dignitaries in the land asked me why I was interested in National Savings. I was quick to tell him. I said that the Labour Government would be coming into power in 1945 and we wanted to ensure there was sufficient money in the kitty to take over.

For the same reason, we are being objective and constructive in our attitude to this Bill. We wish to establish the best possible financial and technical structure so that it will be ready to be taken over when a Labour Government is returned to power. Sooner or later, that day will come and we shall put the industry back under public ownership and control. Therefore, we should have been foolish to try to wreck the Bill. But with all its improvements it does not meet our requirements.

The Parliamentary Secretary spoke of many things; about the provision of iron ore; about the relationship in the industry; about the foundry industry; about forging and rolling, and the sociological context of the Bill, but he did not give us any reason why this Bill is necessary and I want to return for a moment to that point. We maintain that the existing set-up does all that the Bill seeks to do. We say that the highest possible quantity of steel is being provided

from the existing capacity. When in opposition the Prime Minister said that there would be chaos, that the industry would be ruined under the present set-up. From the time that statement was made six or seven years ago, every return has proved that the production figures have risen. Of course, we shall be told that they result from the scheme formulated by the Iron and Steel Federation; but that scheme was formulated in rather a hurry, when the Federation saw that nationalisation was imminent. It is no use hon. Gentlemen opposite shaking their heads. That is true. It was the declaration of the Labour Party which hurried things on.

... Last Saturday, however, I was requested to appear in my constituency to receive a deputation of accredited officials from my trade union. I was asked whether I would lend my name in support of a token strike in our industry as a result of this Bill. That ought to alarm the House. Naturally, I refused at once to have anything to do with any such nonsense. The place for action against a Measure of this kind is here on the Floor of the House and at the ballot boxes. I advised my constituents accordingly. But I quote what happened last Saturday to give hon. Members some idea of the mood of the workers.

I may be twitted by hon. Gentlemen opposite who may say that there has been no official document recently from the trade unions. Of course there has not. There is no need to reiterate what we have said since 1932. What the workers said then they say again in 1953. They stand 100 per cent. behind the demand they made then for the public ownership and control of this great industry.

It is too late to ask the Minister to do anything about this Bill. Some people do not like the sort of thing which I am about to say, but as good democrats we shall accept the decision of this House. As good craftsmen and work-people we shall do our best in the national interest. In its final analysis it cannot be suggested that the Measure can improve in any way the present physical and technical structure of the industry. The moral of the industry is good, and management is good. A fair and reasonable amount of money goes to those who have financial holdings in the industry.

This Bill seeks to do nothing but to return the better parts of the industry, the lucrative profit-making parts, to private enterprise. I do not refer to "private enterprise" as the man in the street understands that term, but to financial interests remote from the industry, which have one intention, and one only, and that is to increase profits. Increased profits in any industry can be earned only at the expense of those who work in it—[HON. MEMBERS: "Oh."]—or at the expense of the price of the article which is produced.

... If it is a question for argument, perhaps later the hon. Member will tell us how he would co-relate the two considerations—the man working for the privately owned, modern, technical, highly efficient plant where good profits and good output are achieved at low labour costs, with the man in that portion of the industry which is inefficient and where wages are less likely to be good because of lack of profit.

I have spent 37 years negotiating wages and conditions. I know how easy it was to meet Federation representatives

in the good works and to get concessions, and how difficult it was to get anything like the same concessions in the bad works. I know the industry backwards in that respect, but I do not want to be led away from my main point.

When a difference of wage structure is suggested, arising from an increase in profit in one part and a lack of profit in another, and the workers see what has happened as a result of this Bill, that will be the time when they will express their point of view much more vociferously. Not a solitary word has been adduced to show why this Bill is necessary. I assure the Tory Party that we shall maintain our attitude and seek the repeal of this Measure when we get the opportunity.

Mr. Nabarro (Kidderminster): . . . Throughout today's deliberations we have had from hon. Gentlemen opposite the constantly reiterated suggestion that the sale of the nationally-owned steel companies is to result in profit for the few. The hon. Member for Newton ran true to form in suggesting that there is something highly immoral about profits. I love profits. The bigger the profit earned by any company with which I am associated, the prouder I am. There would not be a Welfare State today without industrial profits. An hon. Gentleman interjects and says, "Nonsense." I would point out that, on average 70 per cent. of all industrial profits earned today go back to the Treasury. They are the main bulwark of the National Health Service, public education and the social services to which all parties in this House have contributed.

But there is another reason which is of equally powerful import. There can be no expansion of production, no re-equipment, no additional production facilities, no steady increase in the tempo of our national production, unless there are moneys available to plough back into businesses. Those moneys can mainly be derived from profits, corporate earnings and savings.

On this theme, surely, the short answer to everything which has been said by hon. Gentlemen opposite is simply this: we infinitely prefer to have private and public companies, the capital of which is subscribed by tens of thousands of investors, earning healthy profits, than to perpetuate a system of nationalised State-owned industries earning dismal losses. Only a small part of the steel industry is to be sold, according to hon. Gentlemen opposite. The hon. Member for Rotherham (Mr. Jack Jones) said that only a part of the steel industry would be bought.

Mr. Jack Jones: I did not say "a small part."

Mr. Nabarro: The hon. Gentleman said that only a part of the industry would be bought. That is a complete fallacy. The overwhelming majority of the units in the industry will, I think, be sold by the Agency within a period of 18 months or two years. There will be a small part which it will not be easy to sell—the obsolescent plants. An hon. Gentleman opposite agrees. There is nothing shameful about that. The obsolescent plants were taken over at a very low figure and, in the intervening four years they have been suitably depreciated so that their value on the State's books is now almost nothing. It will not result in a heavy loss to the taxpayer even if there is a tiny residual of the steel companies and their associated works which are not easily realised by the Agency. . . .

. . . I have one final word to say on the national production of steel. Again, the hon. Member for Sheffield, Park talked of a steel production in Britain of 25 million tons. In fact, hon. Gentlemen opposite, in many speeches in the course of the debates on this Bill, have inferred that the sky is the limit for steel production in the United Kingdom. That is to insulate themselves against world conditions. Of course, while there is the market for them, both abroad and at home, we want an ever-upward curve of steel output and steel products of every description, but we in this country, whether the industry is nationalised or owned by public companies, will not determine what is the global demand for British steel. That will be determined abroad by the pattern of the demand for British manufactured goods, British services and British products.

It is a reflection—and I say this in no party political or partisan spirit—on the steel industries of the Western world to say that Britain's production in the next 12 months will probably be of the order of 18 million tons. American production is in the order of 108 million tons, and, adjusting that ratio of 18 to 108 for the much larger number of industrial workers in the United States as compared with this country, it still is the fact that every American worker has approximately twice as much steel available to him for home consumption as the British worker, in exactly the same way as the American worker has two and a half to three times the amount of electrical power available to him as has the British worker. I hope to see that adverse ratio reduced, for electric power and steel must surely be the final arbiters in the rate of industrial growth and progress. . . .

Mr. Aubrey Jones (Birmingham, Hall Green): I rise with some reluctance because I have already spoken overmuch in these debates; but I wish to reply very briefly to one or two of the major points which have been advanced from the benches opposite.

First, I want to reply to the question which was posed at the outset by the hon. Member for Rotherham (Mr. Jack Jones), namely, whether this Bill is really necessary. Hon. Members opposite flatter themselves that the Iron and Steel Act of 1949 gave the State a complete and absolute control over the industry. I concede that straight away, but what alarms me is that hon. Members opposite fail to recognise that for that absoluteness of control they have inevitably had to pay a price.

Politics and, indeed, all human organisations are a matter of balance. One can gain in one direction only at a certain expense in another direction and, as a general rule, it is true to say that the greater the absoluteness of power at the centre the greater is the cost in terms of energy and vitality at the circumference. That is true in relation to the manner in which this industry has been operating since the Act of 1949.

May I give an example? After the outbreak of the Korean war, the price of imported ore, in common with the price of most raw materials, rose to considerable heights. There was reason to believe that the rise was temporary, and if, in fact, it were temporary, there was a case, it could be argued for not burdening the users of imported ore with this increase in price. There was a case for spreading the increase over the whole of the industry and averaging it out; and that, in fact, is what happened.

In real life, however, it is very difficult to disentangle

the temporary from the permanent, and what appeared to be temporary, it became apparent in the course of time, was, in fact, and to a large part, permanent. It became clear that this increase in the price of ore contained a substantial permanent element and it is clearly wrong as a permanent measure, that users of home ore should, to a certain extent, be subsidising the users of imported ore.

Accordingly, in the autumn of last year, my right hon. Friend made an adjustment. He decided that the price to the user of imported ore should be more closely related to its real cost. But the companies had made representations to that effect at the beginning of 1952. There had ensued nine or ten months before the recommendation was put into effect. Why the delay? I suggest that the delay was due entirely to a difference between the psychology of the companies and the psychology of the State Corporation, of the nationalised undertaking.

Here, on the one hand, were these companies faced with the Bill, and, therefore, with the prospect of an imminent independent existence, faced, therefore, with the necessity, very soon, of standing or falling by their own results. Accordingly, they were pushed on by the imminence of this prospect to know the full reality of their position, a reality which they would have to disclose to the world. On the other hand, there were the Iron and Steel Corporation of Great Britain delaying, not for any personal reasons, not through any inherent tendency to procrastinate, but merely because, from the nature of the case, they were not subject to this pressure and were content with a broad average of results over the whole of the industry.

I suggest that in that difference of approach there lies very great significance. The efficiency of an industry depends, in the last resort, on the degree of discipline and the commercial pressure to which its producing units are subject, and quite clearly that discipline and pressure is at its greatest when units have to stand or fall by their own results—that is automatic when they are independently owned. It is not so easy to achieve that when they are merged in one owner. I do not say that it is impossible, but it is not nearly as easy; the temptation is the other way, and it is very difficult to resist the temptation.

In short, I suggest that in the short time during which the Act of 1949 has been in operation, there has been this incipient tendency, there has been apparent a weakening of the discipline and pressure to which the individual producing unit is subject. I believe that in the long run that would bode ill for the welfare of the industry. In my submission, that is the case for Part III of the Bill.

Then, it has been argued that the control envisaged in the Bill is a sham. I concede that where there is one owner—the State—the control of the State over the industry is complete and absolute. This Bill disperses that ownership and therefore, it might be said, disperses control. The control becomes indirect, but I submit that nonetheless it is effective and, indeed, more effective. When an industry has been nationalised, it is immunised and insulated from all external pressure. There is no competitor, there is no potential competitor. The Minister can give a direction to it, but he has no sanction with which to fortify his direction and instruction. Here, in this Bill, on the contrary, there is a sanction—the sanction of competitive building by the State. In the last resort, the State can step in and itself can build

and compete with the industry.

I concede straightaway that there must be a will on the part of those responsible for the operation by the State to make the sanction work. I concede, too, that there must be the ability to make it work. It may well be that in the course of time it will be desirable to strengthen the Measure to ensure the effective operation of that sanction. I am prepared to concede that. All I would ask hon. Members opposite to do, before they commit themselves to re-nationalisation, is at least to give a second thought to this principle. I suggest that the principle enshrined in the Bill of retaining outside an industry a pressure which they themselves cannot exert against the nationalised industries is a most important and novel feature and that hon. Members opposite should think twice before they reject it.

FROM WEEK TO WEEK (continued from page 4.)

Christmas, noticeably increasing the difficulties now happily overcome—for the time being. We are well aware that any words addressed to the enemy as such are wasted unless, indeed, they are positively helpful to him, and our present intention is purely prophylactic.

THE WEIMAR REPUBLIC— (continued from page 3.)

and prevent another country from having access to more than a small portion of its real wealth, how this control can decide arbitrarily which firms shall have financial credit and which shall have none, when financial credit shall be on easy terms, and when on prohibitive terms. Unless the possibilities of events being influenced by such means are placed clearly in the foreground of the discussion, arguments about the personal handing over of money by financiers to politicians are likely to be misleading.

The only alternative to absolute rule by any of the Party cliques (with unchecked power all would have behaved in practically the same way) in Germany of the early 1930's, was the introduction of an *effective* constitution able to check with sanctions the abuse of power by all of the parties. Von Papen claims that such was his intention. He realised that the only check on Party oligarchy was the personal authority of Hindenburg. When Hindenburg died they would need someone else "to give new authority to the institution of government, after the Weimar brand of democracy had ceased to function. We had involved the personal authority of Hindenburg in our programme, and made it clear to the parties that the business of government could no longer be at the mercy of party doctrine and thirst for power.

"Until the fateful interview with the President, Schleicher at no time indicated his disagreement with any aspect of our programme. We had even given the Crown Prince to understand that developments must lead logically to a restoration of the monarchy . . . after Hindenburg's death when the nation would feel the need for some permanent repository of authority amid the ephemeral manifestations of political life. In Bavaria the monarchist current was running strong, and we felt that the nation as a whole might come to desire the same course."