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PARLIAMENT

WAR DAMAGE: SUBVERSIVE ACTIVITIES: CREDIT:

February 4.

WAR DAMAGE BILL

(76½ columns)

Sir K. Wood: . . . You are bound to take the facts of the position as they are and the legal position as it now is, namely, that if in relation to payments under this Bill a mortgage debt is owing, the mortgagee is entitled to receive that amount. It is not simply a question of the mortgage on the property itself; in a vast number of cases very great value is attached to the personal covenant. You cannot lay down a rule in all these cases to say that the mortgagee shall not be satisfied and that his debt shall not be met. Neither can you say what an unfortunate position the mortgagor is in until you know something about the mortgagor himself, because you may very well have cases where the mortgagor is in a better position in fact to bear the blow than the mortgagee himself. This is a matter of the adjustment of debts, and the question of what shall happen and how the fair thing shall be done is obviously not a matter for the War Damage Bill, but for more general consideration.

Mr. Woodburn: It is not entirely a question of the personal obligation. When the Government were building houses they found it impossible to build houses for all the people of this country, and they encouraged people to build their own. Builders said to people that if they would put down £50, they would build a house, and I know working people who with a great struggle succeeded in putting down £50 and who now theoretically own the house, but most of it is actually subject to a mortgage which they are paying off gradually by means of their savings. There can be no justification for saying that that

was ever a personal obligation. Both the Government and this Parliament will be seriously neglecting their duty if they do not protect people who built houses, not only for their own sake but to relieve the Government of the necessity to build homes for the people. I beg the Chancellor not to allow a position to remain in which these people, if the "Blitz" does damage their houses, will be left without a penny after the sacrifices they have made to provide themselves with homes.

Earl Winterton (Horsham and Worthing): I should like to reinforce what my hon. Friend has said, and while I do not ask the Chancellor to give any pledge at this moment, I would ask him to use all his influence with his colleagues in the War Cabinet to get a Bill brought in by the Ministry of Health to deal with this complicated question. My constituency has a strong interest in this matter. I have something like 90,000 constituents, of whom a very large proportion are nominally in the position of owning their houses while in fact they owe a very large amount of money to the insurance companies. I would go even further than my hon. Friend and say that it was the encouragement which the State gave which led to the enormous extension since the last war of this method of financing housing. Unless there is a special Act on the subject we shall get a most appalling position. A great deal of damage has been done in constituencies like mine to that class of property. I should also like to urge very strongly that consideration should also be given to the fact that in some respects this Clause puts the mortgagee in a more favourable position than that in which he would be otherwise, because under the Rent Restriction Act the mortgagee

is very strictly curtailed as to the manner in which he can exercise his rights.

Major Milner: I do not think we can accept what was said by the Chancellor. It does not seem to me that the question of the personal covenant of the borrower really affects the matter. It is not a question of what the security was; it is a question of sharing the burden of damage, which has no relation whatever to the question of the security raised in the first instance. . .

Take the case of a man who has mortgaged a house which he has purchased, and which was valued at £1,000. Suppose that it is re-mortgaged at £750—a very common case. It may be that the value on 31st March, 1939, was only £750. That, presumably, will be the sum paid by the War Damage Commission. The whole of that sum would go to the mortgagee, whether an individual, a building society, an insurance company, or anybody else. If that sort of case is multiplied, as it may be, by hundreds or thousands, there will be an outcry. The way to deal with the position seems to me to be very clear. I admit that it is one which may inflict hardship on mortgagees, but in the great majority of cases, especially where they are owner-occupiers, they are in a much better position to bear the burden than the mortgagor. Take the case which I have given. Assuming that the value of the house on 31st March, 1939, is £750, the matter might be adjusted by giving the mortgagor and the mortgagee each a part of the £750. The sum paid is three-quarters of the original purchase price of the house. Three-quarters of the sum which, on a logical basis, would be paid to the mortgagee, would be £560; and the balance of the £750 would amount to £190. So the mortgagee would get £560 of the £750

originally advanced, and the mortgagor would get £190 out of the £250 which he originally put in. That would, I think, do substantial justice as between the two parties. . . .

Mr. Hely-Hutchinson: Mortgages are widely regarded as a very safe and well-tried form of investment, and their security is held to be inviolable. Is it wise to pass legislation which might threaten this inviolability and make the class of persons who invest in mortgages—a class which includes insurance companies, banks, trustees and friendly and charitable societies of all kinds—fight shy of this form of investment?

Mr. Woodburn: . . . Parliament by this Bill . . . make payments to compensate them for damage, and I say that our sympathy should be on some ground of equity and not only extended to the mortgagee. At the moment the Bill gives an enormous advantage to the mortgagee, and there is no guarantee at all to the mortgagor in the case of an owner-occupier.

I quite agree that from the point of view of speculation, where mortgages are for speculative purposes, there might be justification for saying, "That is a risk which these people took, and they must bear it," but there is no justification for saying that with respect to the great field of owner-occupiers where people have taken upon themselves the liability of ownership without the effect of ownership. In other words they have become agents of insurance companies or others who have arranged with them for the mutual building of property, and I suggest that the Government must do something to ensure that benefits shall be mutual and not one-sided. I am quite sure that there will be great bitterness in the country if this preference is given to one section instead of treating people on the basis of justice.

Mr. Lawson (Chester-le-Street): . . . I do not mind telling the Committee that I am in the position of being an owner-occupier with a mortgage on my house. This position, I understand, is the same as that of 4,000,000 other people in this country. Is it the intention of the Government that where a workman has paid 25 or 50 per cent. down on the cost of a house, has obtained a mortgage for the rest, has paid his interest for some years and then has his house destroyed, the actual payment is to be made to the mortgagee? If so, the Government will have to take some steps to meet it. If I am right, that is a very

great wrong and will need most serious consideration. . . .

The Attorney-General: The owner-occupier will have paid a certain amount. If the amount he has paid has brought the mortgage debt to a figure at which it is below the March, 1939, value of the house, then of course the debt is paid off and he gets the difference. If a house is totally destroyed, if it is presumably uneconomic to rebuild on the site, then if the value payment is included within the mortgage debt, it goes to the mortgagee. The debt is completely wiped out.

Major Milner: The man is left with the bare site.

The Attorney-General: Yes. I do not want to be controversial, because this matter is really outside the Bill, but I wanted to state the position as it appeared to me and to draw limits within which our consideration can proceed after we have passed from this

Question, "That the Clause, as amended, stand part of the Bill," put, and agreed to.

CLAUSE 19.—(*Rights over against mortgagees in certain cases.*)

Sir Irving Albery (Gravesend): I beg to move, in page 15, line 16, to leave out from "mortgage," to the end of line 25, and insert:

"he shall be entitled to be indemnified by the mortgagee against the same proportion of his net liability as the amount of the mortgage bears to the value of that interest."

Amendment negatived.

Mr. Woodburn: I should like to move the Amendment in the name of the hon. Member for South Croydon (*Sir H. Williams*)—in page 15, line 16, to leave out from "mortgage," to the end of line 25, and to insert:

"he shall be entitled to be indemnified by the mortgagee by an amount which bears to his net liability the same proportion as the amount of interest payable under the mortgage bears to the contributory value of the interest.

Provided that in no case shall the indemnity exceed the contribution paid in respect of any contributory property."

Mr. Bellenger (Bassetlaw): The question is, as the contribution in the first instance is to be paid by the direct contributor, that is to say the person in immediate possession of the property, how far shall these people who have other interests in the property, other than the immediate physical possession of property, pay some of the contributions. . . . I have a good deal of experience of how mortgages are

arranged. It makes no difference whether they are building society or bank or insurance mortgages. They generally bear some direct relation to the purchase price of the property. If we say to the mortgagor, "You have an interest in this property, a fiduciary interest, if you like, therefore you must pay a certain proportion of the premiums." What we have to try to arrive at is how much the mortgagee should pay compared with the compensation which he will receive either on a cost-of-works basis or a value basis. In almost every case where a mortgagor lends money, the valuer or surveyor who assesses the value wants to know what price the mortgagor paid for it. If he is bound to disclose the purchase price, the purpose is to enable the building society to decide the value of the property at the time they are asked to lend the money, and building societies have a well-defined rule of lending only a certain proportion of the purchase price.

Sir H. Williams: I think that the Chancellor is in a great difficulty, as we all are on this Clause. The only logical thing for him to do is to leave out Clause 19 because that is a policy which can be sustained. I will put his case before I reply to it. The mortgagee has not any interest in the property at all. He is merely the owner of a debt for which the property is a guarantee. Suppose I own a house and cannot pay my Income Tax, and I go to somebody and say, "The Chancellor wants £200 out of me. I have not got it, but I have a house. Will you lend me £200 if I give you a piece of paper?" I get the money and pay it to the Chancellor, but that does not make the gentleman who lent it to me part-owner of my house. That is the basis on which the Chancellor ought to have started. He realises, however, that, in practice as distinct from theory, the mortgagees are, in fact, partners in the ownership.

I am buying and, as the lady said to her husband, "When we have paid the last contribution to the doctor, the baby will be really ours." That will be my position next September. I had no money to buy my house outright, and I took out a life policy, and if all goes well in September the house will be entirely mine. There is a case where the insurance company and I are effective partners in ownership. . . .

Mr. Woodburn: I apologise for intervening again, but there has been

a complete fallacy in the arguments put forward in regard to this matter. On each occasion, when this question has been raised, the point has been made that it is a personal bond that is taken in regard to these funds. If it is a personal bond, why does this Bill not leave it as a personal bond? If the contributor is at liberty to mortgage his personal bond, why has he not the right to enforce his personal rights in regard to Government money paid for the property? That is the legal position, as far as I see it, but I am not a lawyer. Along come the Government with a Bill, and they say that they are not going to allow the owner of the property to have compensation for his property. They step in and say that before he receives anything they must safeguard the position of the mortgagee. That is an entirely arbitrary position on the part of the Government to protect the mortgagee, and they are not taking the same position in protecting the right of the mortgagor. That is the fallacy which has been in this argument about the personal bond. I come back to the important point as far as we are concerned, and not the commercial one to which the hon. Member for South Croydon (Sir H. Williams) referred. That may be a purely money-lending transaction, but in regard to the 4,000,000 people who own property, not so much perhaps because they were out to buy property—

The Deputy-Chairman: The hon. Member is now getting rather wide of the Amendment.

Mr. Woodburn: The point is with regard to the contributions. These people actually were very often induced by building societies, as a method of investment, to buy their own house. Supposing the house is wiped out and the owner has no means of meeting his personal bond, if he goes bankrupt the Courts will absolve him, in present circumstances, of any liability to pay the mortgagee at all. Therefore, why do the Government step in and say that he is not to have that legal right in regard to war damage, and that they are going to subsidise the mortgagee, and give no consideration to the relative contributions and payments in regard to the owner of the property itself?

Sir K. Wood: I think that my hon. Friend will agree that he cannot very well press this Amendment. I have already said that I will give consideration to this very difficult and troublesome matter. My hon. Friend knows

that when a person is made bankrupt, all his assets are taken into account.

Mr. Bellenger: What has he got, anyway?

Sir K. Wood: That may be, but perhaps my hon. Friend will leave the matter as it is at present as being a reasonable way of dealing with it.

Amendment negatived.

February 5.

WAR DAMAGE BILL

(82 columns)

Sir H. Webbe:.... There is no relief for a man who, with his own money, built a house and subsequently entered into a mortgage. I hope that the Chancellor of the Exchequer will consider the point.

Sir K. Wood: I cannot add anything to what I have said, but I will certainly consider that point.

Mr. Benson (Chesterfield):... Now I have changed my point of view. I am not now at all interested in whether the mortgagee is made a contributor or not. In fact, on the whole, I think that I would rather he was not made a contributor for this reason, that if he does not contribute he is in nothing like the same strong moral position as he would be if he did contribute. I am far more concerned with what the position will be after the war as between the mortgagee and the mortgagor who has suffered. At the present moment the mortgagee is being protected without making any contribution. The mortgagor is making all the contributions.

CLAUSE 40.—(*Regulations to be laid before Parliament.*)

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

Major Milner: I notice that these regulations have to be made by the Treasury, and why is this restricted to this part of the Act. Are there to be other regulations under the Act which have not been laid before Parliament.

Sir K. Wood: I will look into that matter.

Question put, and agreed to.

CLAUSE 42.—(*Insurance Schemes.*)

Mr. Silkin: I beg to move, in page 32, line 20, at the end, to insert: "but not in any case to exceed five shillings per centum."

There is no premium mentioned in the Bill at all, but in the Memorandum

it is stated that the premium will be 30s. per cent. That is a prohibitive premium for business concerns, and certainly for household furniture....

Mr. Woodburn: I would like to support the remarks of my hon. Friend. The Amendment is not put down in any expectation that 5s. will be a practical proposition. It is put down to challenge the proposition of 30s. per cent. In the case of small houses many people would be surprised to know that their furniture had mounted in value to £100. Even in the poorest houses it could not be replaced for much less, yet the owner in such a case will be called upon to pay 30s. if he wishes to insure under this scheme....

The practical point is that if it is decided that the scheme shall be compulsory, the premium of 30s. will not be necessary, for a larger number of contributions will be brought in and there will be no justification for having it on the higher basis than the other part of the scheme. There is no reason why property should get insurance for 2s. and a high premium is charged for the chattels....

Mr. Lyttelton: The question of the 30s. premium for chattels raises the whole question whether the scheme is to be compulsory or not, and I should not like to go too deeply into that aspect of the matter, because if it is a voluntary scheme, most of the objections which the hon. Member for East Stirling (Mr. Woodburn) put forward will not then arise; and incidentally I should point out that the poorer householders will come under the free compensation scheme. To attempt to answer that particular point about chattels would raise the whole question of whether the scheme is to be compulsory, and I can only turn my attention to the 30s. premium as it applies to businesses....

February 6.

CIVIL DEFENCE.

SUBVERSIVE ACTIVITIES.

Sir W. Smithers asked the Home Secretary whether he will now take steps to suppress all Communist activities which are subversive of this country's war effort?

Mr. H. Morrison: As indicated in my statement on 22nd January, while it is the policy of the Government to make the minimum use of methods of repressing expressions of minority opinion—

(continued on page 10).

THE LION TAMERS

By B. M. PALMER

"Julian Huxley, secretary of the London Zoo since 1935—Biological Editor of the *Encyclopaedia Britannica*. Science to him is related to the social problems, and an instrument for helping to create a healthier world."

So he is described in the Planning Number of *Picture Post*, January 4, 1941.

He seems to have joined the staff as a biologist.

Which staff?

Surely you know—the staff of the Lion Tamers.

Performing animals are controlled chiefly by a judicious manipulation of the food supply, and secondly by the superior knowledge of their masters. The animals are ignorant, but they are often doped; if this were not so, half a dozen lions could clear the circus ring and auditorium in as many minutes. But they don't know how. Dealing with the British lion is a ticklish job, perhaps that is why so many of the writers in the *Picture Post* are recruited from the "best brains" in the country, and advertised as such (even when they write articles on planned education for all).

The methods adopted in Lion Taming are three: dope, lies and insults.

Yes, it is a ticklish job. First dope: you talk learnedly of a few 'scientific' smatterings, and scatter around some tables of statistics that no one but an expert could possibly apply correctly to present conditions. The average reader does not understand those conditions. However, the tables look well. It is interesting to see that Holland, the Newest Dominions and Scandinavia are the only really healthy countries. We are not told why. We might guess it had something to do with their small size, enabling their electors to bring greater pressure on their Government, but Mr. Julian Huxley would say that this was the wrong answer, I think, because overleaf we are told that three-quarters of our own people have too few children.

Then we ought to know more about vitamins than we do. It was only in 1911 that Sir Gowland Hopkins discovered the first vitamin, and before that nobody knew whether a diet was sufficient for health or not!

Thank goodness now the human race will be enabled to survive! ("And suppose they had never discovered margarine, wouldn't *that* have been

dreadful!" was the thought that occurred to me when I reached that point.)

Let's see, are we talking about animals or people? It seems that a quarter of them are definitely mal-nourished, and about as many of them again slightly mal-nourished.

But we have plenty of standards. They have all been worked out for health, height, weight, and mental development.

So much for the 'science' smatterings or dope.

Now we come to the heavy black type.

"Children are the greatest single cause of poverty in this country."

I cannot believe that this man does not know the difference between financial poverty and real poverty. He must know that, in spite of the war and the U-Boat campaign, there is only one sort of poverty in this country. It is financial poverty. And he knows that children are not the cause of it. But it is vital that the lions should not understand the difference, otherwise they might not be willing to play their part in the next trial, "family allowances out of taxation," as set forth in Miss Eleanor Rathbone's excellent Penguin. Mr. Huxley promises the lions all sorts of nice things when they have learnt it: lower rents, and coupons which can be exchanged for protective foods to safeguard their children's health.

And lastly, the lion tamer needs a whip, and if it has a sting in it so much the better. There is a photograph of men at a communal feeding centre, with this legend:—

"Through communal feeding everybody can be given the vitamins necessary for a healthy life. If this one meal is scientifically balanced, it matters comparatively little what is eaten at other times."

You and your kind, Sir, talk of a classless society, but nothing is further from your real wishes, for the society you have envisaged is one in which you and your delightful colleagues envisage yourselves as overseers, kind and gentle, of course, but overseers none the less, with a right to collect the most intimate details of people's lives and work them out into tables and standards for your own experiments. This paper for which you write is concerned to keeping the lions under constant supervision and experiment; everything they have is to

be given them as a state charity.

Either you are unaware of the true state of the modern world, or you are deliberately closing your eyes to it, for reasons best known to yourself. Neither of these explanations is flattering to you.

It doesn't seem worth while to pay much attention to the other lion tamers who contribute to this issue. The chief are Thomas Balogal, tutor of Balliol College, who contends that our main need is work for all and wants to "hit" property (his own words); A. D. K. Owen Secretary of P.E.P. who wants family allowances out of taxation; A. D. Lindsay master of Balliol College, who wants the same education for all up to 13, at which point the child's future education is to be decided (by whom?); and J. B. Priestley, who I am sorry to say, no longer knows the difference between leisure and idleness and has told me, as a woman, what sort of life I need.

I know the sort of life I want, all I want is the means to make it. Nevertheless among this galaxy of writers Mr. Priestley is outstanding simply because he seems to have learnt a little from the Social Credit movement.

But how is he using this knowledge? Is he giving a twist to it? Mr. Priestley needs watching. He has mentioned once again the thought which he broadcast last July.

"A great deal of trouble in this world—probably most of it—is caused by persons who have more energy and determination and density of character than the average, but who are warped and twisted because they have never been able to realise themselves properly. They compensate a deep seated feeling of inferiority by acquiring and harshly using power over their fellow men. Their careers are a kind of long revenge. Even a man like Hitler can be seen as a creative artist who has gone wrong."

This is perfectly true. But we need to see that opportunities for creative work are combined with political freedom, in ever-increasing growth.

There are, of course, lion tamers who believe the nation can be kept politically enslaved if its energies are taken up by "artistic expression" and "creative effort." Has the author of *Wonder Hero* joined their number, finally and irrevocably? February 13, 1941.

THE INFLATION BOGEY

As the increasing war effort puts growing strains on the orthodox money system, the fallacies and weaknesses of that system are more and more obvious and it is being widely criticised. In this country and in the Dominions, particularly in Canada, it is becoming generally recognised that the war effort can only be financed if some other source than the nation's money income is resorted to. In fact, although it has been kept out of the daily press, with the exception of occasional brief references in the financial columns, it is becoming generally known that the banks have already created large amounts of credit which have been used as additional purchasing power by the Government to pay for war supplies. In Parliament speaker after speaker has, without contradiction, branded this as "inflation"; and it is of course not true. It would be just as well therefore if it became better known, especially among M.P.s, what inflation is.

Inflation is an increase in money available accompanied by a corresponding increase in prices. So that both

price and effective demand are equally raised, and purchasing power in that case is decreased.

But, the money (credit) which the banks create and make *directly* available to the Government does not come through the productive process. It does not form part of the costs of any product, and it need not therefore raise prices. It is not the same thing as increasing salaries or wages, which have to be entered into the costs of some product. This being the case there is absolutely no reason why the Government cannot by legislation regulate prices at a level which makes a reasonable allowance for cost plus profit. The Government has shown already that it can regulate prices. If this is done, therefore, whatever the amount of new money issued as purchasing power, prices can be prevented from rising and the producer and retailer will not suffer, because their costs are not increased.

The Government has ample powers for acquiring control of whatever proportion of the national resources it requires for the war effort without re-

stricting purchasing power through taxation and savings. It has rationing powers and can control labour and raw materials.

If the people find as a result of these measures that they cannot find things to spend their money on, what possible harm could result from their accumulating savings? Taxation is a *permanent* deprivation of purchasing power, whereas savings help to ensure that when this war is over there will not be a repetition of restriction and destruction of production because the people lack the power to purchase what is available. They will be able to spend their savings in addition to their current incomes.

The false cry of alarm in the loose use of the word "inflation" is purposely encouraged by financial interests to frighten the public in the hope that then they will not support necessary alterations in the financial system which would have the effect of benefiting the public but divesting the financial interests of power and privileges to which they have no right.

J. M.

DIARY OF EVENTS

FEB. 9—Genoa heavily bombarded by British fleet: oil works, electric works, aerodromes and railway junctions damaged.

Mr. Churchill broadcast, prophesying that operations would soon enter a phase of greater violence. Marshall Pétain appointed Admiral Darlan Minister of Marine, Vice-Premier and Foreign Minister.

FEB. 10—Britain broken off diplomatic relations with Roumania, as German troops now occupy strategic positions and airfields and concentrate oil and munitions there. Bulgarian airfields also occupied by German troops.

Marshall Pétain appointed Admiral Darlan his successor.

FEB. 11—Ostend bombarded by British fleet: harbour works damaged.

Mr. Willkie, giving evidence on the "Lend and Lease" Bill before the Senate Committee, urged U.S. to send Britain five or ten destroyers a month.

FEB. 12—General Franco met Mussolini in Italy: conflicting reports on matters discussed. Estimated that 400,000 German troops are in the Balkans.

FEB. 13—Hitler summoned Yugoslavian Prime Minister, M. Tsvetkovitch, to Berchtesgaden. Marshal Pétain met General Franco in France: discussion secret.

Air Chief Marshal Sir Robert Brooke-Popham, Commander-in-Chief in the Far East, invited to confer with the Australian Defence Council.

FEB. 14—Greeks continue to advance along 80 mile front in Albania: their victories are "of a decisive nature." Rome reported landing of British parachute troops in Southern Italy, claimed that all were captured.

FEB. 15—R.A.F. bombers raided Western Germany and the invasion ports.

FEB. 16—Goods traffic stopped on many railways in Southern Italy: possibly due to British parachute troops.

British troops continue to advance in Eritrea and Somaliland.

FEB. 17—Germany reported to have offered Yugoslavia Albanian and Greek territory with corridor to Salonika for concessions to Hungary and Bulgaria, and acquiescence in Axis plans.

Arriving in New York from Britain Mr. Harry Hopkins urged more help for Britain. He said he had been sent to Britain on a specific mission which was completed: asked if it were only a mission of observation he replied, "It was more than that," but refused to amplify this statement. R.A.F. again bombed Ruhr.

Canadian Federal Government will discontinue from March 31 their annual contribution of 40 per cent. of unemployment relief.

Turkey and Bulgaria signed non-aggression pact.

THE SOCIAL CREDITER

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Saturday, February 22, 1941.

MARCH, 1934.

"March 2. We sat down to-night at an informal dinner with Sir Eric Phipps. I learned that Anthony Eden, Keeper of the Seals, had been rebuffed in Paris, perhaps simply put off. French popular opinion is reported to be very pacifist, French official and military opinion to hold that a 'preventive war' with Germany should start this spring. This idea is to catch Germany and to seize the Rhineland before it is too late." — William Dodd, U.S. Ambassador to Hitler, 1933-38 in the *Sunday Dispatch*.

ADVICE

To the Editor,
The Social Crediter
Sir,

No doubt many of your readers will have noticed the circulation of a cliché to the effect that "Social Credit may once have been rather an interesting idea, but it is quite exploded. All its advocates can find to say nowadays is purely negative, and not worth attention."

While the origin of this remark is to be found in consciously hostile quarters (yes, I know that there are some people who cannot believe that there are any consciously hostile quarters—the poor dears only require it to be explained to them!) I think it is one of those current phrases which require exposure, since numbers of entirely well-meaning people have a tendency to believe, not that it is true, but that if it were true, it would be a damning indictment.

It is, of course, an appeal to the static mind. To such a mind, negative action is an absolute possibility, just as is a stick with only one end, or negative electricity without positive electricity. To such a mind, if it were logical, which fortunately is rarely the case, the action of a squadron of Spitfires in stopping a German bombing raid is "negative," and, further back, action directed to stopping the war before it began is also "negative." The fact, of course, is that every action is negative in relation to one thing, and positive in regard to something else. The important question is not whether it is "negative" or "positive" but whether it is effective in the direction you want to go. And if you are in a vehicle which is heading

straight for a chasm, and is driven by megalomaniacs, you are most unlikely to change direction by admiring the driving.

So far as I am aware, the Social Credit stick has two ends. The constructive end is firmly (but not so firmly) held by some poor dears who are not really hostile, but would be delighted to have our plans further explained to them, just like Mr. MacKenzie King in relation to the Social Credit plans for Alberta.

My unregenerate advice, for what it is worth, is to go on beating the poor dears with the loose end. I am confident they don't like it. And that is the acid test.

Yours, etc.,



Temple, London. E.C. 4; February 12, 1941.

From "THE INTENSE INANE"
(—Shelley)

B. B. C. PROPAGANDA: —

(1) We are thwarted by "Impersonal world economic forces"—i.e. no one is responsible; no individual or group of individuals can exert economic (or financial) pressure!

(2) There is "not enough to go round."
Proof: "it is impossible for everybody to

- a) Win the Derby
- b) Marry the world's richest heiress
- c) Become Prime Minister."

—The 7-50 a.m. Sermoniser of the B.B.C. February 12.

JEWISH REFUGEES OF 1934

"MacDonald told me [J. G. MacDonald, League of Nations High Commissioner for Refugees—February 7, 1934], he had raised £500,000 from English Jews but that the givers were not enthusiastic and did not wish many German Jews to enter England. He said that in the United States '... there is much interest in limited circles but no enthusiasm for taking persecuted Jews into the country.'"

—Ambassador Dodd's Diary in the *Sunday Dispatch*.

TREASURY BRANCHES

Paving the way for expanded operation of treasury branches, the Albertan provincial government has passed a proclamation bringing into effect the Treasury Branches Act Amendment of 1940.

The act, passed by the legislature last year, authorised the provincial treasurer to "loan any deposits received in the branches of the treasury under the provisions of this act to persons, firms or corporations upon such terms as may be agreed upon and in connection with any such loan, may take such negotiable instruments and securities as he may from time to time direct."

The act provided that it was to be brought into operation only upon proclamation.

Last week, Acting Premier Manning announced on behalf of Provincial Treasurer Low that operations of the branches will be expanded and that a "barter" system will be put into operation for customers of treasury branches.

This expansion of the Treasury Branch system is described as "a flexible barter system which would permit the exchange of goods without the use of actual money."

Mr. Aberhart's Speech to the Conference on Dominion-Provincial Relations

The 'Rowell-Sirois' or Dominion-Provincial Relations Commission was appointed by the federal Government in August 1937. The Report was delivered in May, 1940. Originally the Commission consisted of Newton W. Rowell, Chief Justice of Ontario, Chairman; Mr. Justice Thibeaudeau Rinfret of the Supreme Court of Canada; John W. Dajoe, editor of the "Winnipeg Free Press"; Dr. R. A. MacKay, professor of government at Dalhousie University; and H. F. Angus, professor of economics at the University of British Columbia.

Mr. Justice Rinfret died soon after the Commission began its work, and the Government appointed Dr. Joseph Sirois, Quebec lawyer, to serve in his stead. Later Chief Justice Rowell resigned owing to ill health and Dr. Sirois succeeded him to the Chairmanship of the Commission.

The costs of the Commission was \$533,600, of which \$79,255 was paid to Commissioners for salaries and expenses; two counsel received \$34,496.

The Commission was never accorded unanimous welcome throughout Canada. Among those who criticised the personnel was Mr. Hepburn, Premier of Ontario. Addressing the Commission during its hearings, he said "Canadians ought to strengthen the hands of governments closest to the people—or get ready to look on the past 75 years as merely an interlude of freedom." He warned of what had happened in Europe up to that time "under the iron-hand of concentrated power." He declared that "decisively, we are not here to trade off the resources we are sworn to preserve."

Alberta, not recognising the unanimity of Canada in the Commission, sought that unanimity by presenting her Brief directly to "The People of Canada and their accredited governments."

In the course of his speech at the opening session of the Inter-provincial Conference in Ottawa Mr. Aberhart, Premier of Alberta, said:

... History repeats itself. On this occasion we cannot help but look back to a time seventy-four years ago when four of the eldest members of this illustrious family got together to discuss similar problems. I am prepared to uphold the claim that the pact which was entered into at that time although not perfect was both desirable and necessary, even though the unfortunate developments of the last half century with all their havoc, might indicate otherwise and though I may question the wisdom of its repetition.

I am convinced that Confederation was not, and is not, responsible for the devastating economic problems we face today, but something has been responsible for them and still is, and we are determined to catch up and deal effectively with it. Since these economic problems are world-wide, and the same symptoms are common to most countries, surely nobody can place any particular blame for them on the Provincial Governments of Canada. The condition of the world before the war—the widespread poverty, the general insecurity, the spectacle of debts mounting to fantastic heights, our ever-increasing taxation, of our shrinking markets, of our idle men and idle resources existing side by side with want—these were economic symptoms of a deep-seated malady and were

not in any sense political or constitutional. They were common to countries with different constitutions and political systems. If, therefore, in facing these questions we permit ourselves to be sidetracked by some political issue, we are likely to lose the trail of the root causes from which our difficulties arise.

Now we are met, I take it, to discuss whether Madam Canada, 74 years old, should take over some of the problems which confront the family, the members of which, in both age and experience, should be well equipped to meet their responsibilities. I would respectfully submit, without assuming the attitude of criticism, that during the last half century Madam Canada herself has had similar problems, and her inability to deal with them effectively is in no small measure responsible for the problems with which the Provinces find themselves beset today. And furthermore, I would like to emphasize that any proposal for dealing with our problems by a centralisation of power and of government is diametrically opposed to the grand old British ideal of good government under which the Empire has been built, and which today gives it its strength. Can we afford to consider even for one moment any action involving a departure from those tried principles of our British ideals. . . .

What is the job of each of us at this moment? Is this conference a ration line or a place in which each must grab all that he can to carry away with him? Is it not rather a conference to which we

are privileged to bring, for the benefit of the Canadian nation, the combined gifts of wisdom, foresight, vision, tolerance and understanding with which we Canadians may be endowed? Is this not our golden opportunity to lay the foundations for the never-before-realised gifts of fraternity, freedom, equality of opportunity and what is also important, financial security? We are here, Honorable Chairman and Gentlemen, to make it possible at some near future date to formulate for Canadians a series of decisions which will give them—security in old age, the right to enjoy, according to their needs, the abundance of food and clothing and the comforts of adequate and sanitary shelter which the limitless resources of their Dominion can provide. We are here to establish a heritage of education for those who seek to learn, of health for those who suffer pain, of security and deliverance from debts for those who, having built homes in their prime of life, may face eviction and loss of their sacred firesides when the lean years descend. We are here to draft a scheme of things for the Canada of the future, a scheme of things which will bring to that Canada a standard of justice which shall place human values above dollar values; a standard of national viewpoint which shall not only recognise, as you have publicly stated, Mr. Prime Minister, but which shall further decree that that which is physically desirable is financially possible. I question very much that the adoption of the Sirois

recommendations will achieve these purposes.

From your remarks, Mr. Prime Minister, I take it that you and your Honourable Colleagues have felt that this question of the Rowell-Sirois Report is of paramount importance, or you would never, have called this Conference at a time like this. Are we then to suppose that the Federal Government has in any way been restricted by any of the Provinces in its great task of directing our national war effort? Or is it that the Federal Government has not now the complete authority it requires under the War Measures Act to secure full support to the mighty struggle in which the Empire is engaged? I fail to see where the adoption of the Sirois Report would give the Dominion any power it does not already have in this respect.

We applauded the President of the United States, the other day, on his splendid offer of complete assistance to the British Empire in its fight for the preservation of democracy. We realize that the strength of America's aid to our cause lies in a decision freely taken and in help voluntarily extended, without any pressure on our part. We did not institute a campaign of propaganda over the air, or through Chambers of Commerce and Service Clubs to suggest that our friendly neighbours should enter the war, or that they should submit their affairs to the control or domination of some central authority, if they wished to show their true loyalty to the great ideals they cherish in common with us. It would be most improper to do so.

Most of us may have heard of the much publicised submissions of *Union Now*, that have been put forward by certain individuals and organisations. Under these proposals it is suggested that the British Empire, the sovereignty of British peoples and the glorious armed forces which guard that sovereignty, should come under the control of some international centralised authority.

I am myself dumb-founded by the bold effrontery of such subversive suggestions right in the midst of the British Empire at a time like this, but I wonder if these proposals of the Rowell-Sirois Commission recommendations can be urged upon the provinces with any more reason or propriety that the *Union Now* proposals could be urged upon the British Peoples to their sovereign destruction.

The statement that the acceptance of these proposals is an evidence of good faith and loyalty in this titanic struggle

against the forces of totalitarianism is in my estimation so evidently misleading and far-fetched that it should be looked upon as dangerous, deceptive and diabolical propaganda.

Both these proposals involve a centralisation of power in direct opposition to the principles of democracy, for which we are fighting today, and to the British traditions which we cherish.

I therefore submit, sir, that we in Alberta are of the very definite opinion that this is a most inopportune time for the discussion of these highly controversial matters. With a struggle as great as the Empire has upon its hands at the present time, a struggle which calls for the undivided and whole-hearted support of every Province and every individual in every way possible it seems the greatest folly for us to engage in discussions of such contentious questions at the risk of dissension or misunderstanding. Never in the history of Canada has the need for complete national unity of purpose and of effort been more essential than it is at this time, and I urge, with all the sincerity of my soul, that we do nothing which will in any way jeopardise that essential unity.

We believe, Sir, and I am sure that the view is shared by many, that the deep-seated problems which are confronting us are not yet fully understood and cannot possibly be dealt with adequately until this awful, devastating struggle is ended and we turn to the task of making good the havoc of war. Then we shall have to face the reconstruction of our whole economic and financial systems.

Surely it cannot be disputed that the matter of employable unemployment, in fact all unemployment, could be easily handled by the Federal Government under existing arrangements. I am convinced that the debts of the Provinces could well wait for a little while longer for under our present stupid debt creating system of finance we shall have accumulated so many debts after this war that we shall then be able to deal with them in a wholesale fashion instead of piecemeal. For the life of me I cannot see, if the Bank of Canada is able to take over the handling of all provincial debts under the Rowell-Sirois Commission's recommendations, why the Bank of Canada cannot much more easily handle the refunding of the provincial debts on reasonable terms with their aid.

In the meantime, in getting on with the essential task in hand, the Federal Government has all the powers under the

War Measures Act to commandeer any resources required during the conflict, and I am satisfied that every one of the Provinces is not merely willing, but eager to give all the help it can and to fall into line with any temporary measures that have to be adopted to meet war emergencies. But to begin to alter or revise our present constitution, or to establish a new constitution, at a time like this, seems to me a greater incongruity than Lincoln's illustration of changing horses in mid-stream. It is hardly the kind of thing that responsible minded leaders of democratic thought would allow themselves to be stamped into doing.

During the past few weeks, in the midst of all the intensified atmosphere engendered by the war, our people have been subjected to a virulent propaganda campaign—almost amounting to ballyhoo—in favour of the immediate adoption of these recommendations, when, as a matter of fact, the majority of the people including many of those passing such resolution had never read and have no clear idea what it is all about. I do not know what the effect of this organized propaganda effort was in the East, but in the West the rank and file of the people have been asking: "How will the adoption of these recommendations benefit the individual citizen?" They have felt, and very properly, I think that this should be the test of the desirability or otherwise of suggested permanent changes in our constitution.

When they found that the full burden of existing debts would still be upon them in no less degree, and that any control they have over these debts would be one step further removed from them; and when they discovered that their taxes would be just as great—or perhaps much greater; and that, with reduction of provincial taxation powers, the only ones that could possibly benefit would be large corporations and financial institutions; and when it became known to them that the standard of social services would be virtually removed from the full autonomy of the Provinces and placed largely under the control of a semi-independent financial Commission, many of our hard-thinking and realistic-minded citizens demanded to know, in their own vernacular, "What is all this row about anyway, at a time like this? and who is responsible for it? Why are they so anxious to raise an issue like this when we all have our hands full with the job of the war?"

I am going to speak frankly,

Gentlemen. I believe that the perilous situation which is facing our nation and the Empire demands sincerity of speech and boldness of action. I maintain that it will be most unfortunate if the idea gains a popular credence that there is a concerted and deliberate attempt being made by the money powers to increase centralised control of our national life, while our attention is being fully occupied with the prosecution of our war effort, and that thereby they hope to obtain an unfair advantage over the people by means of imposing upon them a crushing debt structure under which they will be further enslaved. I am sure that every man in this gathering must be aware that considerable suspicion has been aroused in the minds of many because of the intensity of the propaganda campaign and the frantic and unwarranted haste that has been urged in connection with the adoption of the Rowell-Sirois recommendations.

Make no mistake about it. Not only the efforts to gain the adoption of these recommendations, but the barrage of obviously inspired propaganda to win support for the *Union Now* proposals have been causing growing uneasiness in the minds of many. Whether it is common knowledge or not, we in Alberta are fully informed on the action which was taken in Australia regarding this sinister propaganda. In that British country, they seem to have much more direct methods than we do in dealing with such matters. We note that instead of allowing the use of the government radio facilities for its dissemination as was done here, they treated this "Union Now" propaganda as subversive to the British Empire, and raised such a storm of protest that public addresses on the subject had to be abandoned.

Surely it must be evident to any loyal British subject that to sit calmly and indifferently by, while we are being hoodwinked and inveigled into a financial dictatorship or a Fascist State, at a time when we are giving the best of our manhood to the Empire and we are sacrificing our all to overcome that foul thing which has raised its head in the world in many guises—a totalitarian order of centralised control and regimentation—is not simply ridiculous but dangerously criminal. . . .

Returning to the questions raised in connection with the Rowell-Sirois Report, I submit that the anxiety of those who would wish to rush through those far reaching measures is concerned primarily with bolstering up the

defects of the present financial system. They would sabotage our national constitution and endanger our essential unity in the prosecution of the war effort to preserve a vicious, outworn and inadequate monetary system. I suggest that our reply to these fiery advocates should be that we intend to preserve our constitution and our national unity, and instead, overhaul the monetary system.

I repeat—our dominating difficulty, out of which all our problems arise, is mainly economic and not political, and the focus of that economic problem is financial. If we become side-tracked down the political or constitutional by-paths that have no ending we shall end up in a wilderness of failure.

So once more I would urge upon this conference what seems to us in Alberta the over-riding importance of preserving and strengthening of our national unity of purpose and effort, and refraining from doing anything which will jeopardise that essential unity at this critical hour. I would therefore suggest with the utmost deference and respect that we do not prolong this Conference at the present time, and that we refuse to get involved in the contentious discussions which it would engender on all sides. I am satisfied that this Conference may have not merely a quieting effect across Canada, but the creation of a new understanding between all parts of the country out of which will be born a new strength if, as a result of getting together on this occasion, we agree to direct our whole attention and all our efforts at this time to our supreme task—(1) the winning of this titanic struggle for democratic liberty and Christian freedom and (2) the careful preparation in advance for the post-war condition which, with the glow of victory already lighting the horizon, we may expect to be upon us at any time, though we continue to prepare to face a long and bitter struggle. . . .

I feel that there is much that might be done at this time through discussion of possible reconstruction for the post-war period for which we should be laying the foundations to ensure for our people security in old age, the right to enjoy according to their needs the abundance of food and clothing and the comforts of adequate and sanitary shelter which the limitless resources of their Dominion can provide. Let me repeat—we are here to establish a heritage of education for those who seek to learn, of health for those who suffer

in pain, of security and deliverance from debt for those who, having built homes in prime of life, may face eviction and loss of their sacred firesides when the lean years descend. We are here to draft a scheme of things for the Canada of the future; a scheme of things to lay the foundations for making Canada, to use the words of the late president Wilson, a country fit for heroes; a scheme of things which will bring to that Canada a standard of justice which shall place human values above dollar values; a standard of national viewpoint which shall decree that that which is physically desirable is financially possible.

In conclusion, may I say that we in Alberta stand ready to allow our Province to become the experimental ground to demonstrate scientifically the rich and glorious possibilities for living in contentment and security based on the principles of democracy, not only in the political but in the economic sphere as well.

The Times reports that Mr. Graham Towers, the Governor of the Bank of Canada, has used his Annual Report (for 1940) to the Finance Minister to attack various proposals for changes in Canadian monetary policy during war-time.

While *The Times* gives eight lines of postscript to a description of Mr. Hepburn's views, twenty-one lines are devoted to Mr. Towers's criticism of what he declares these views to be.

The Canadian Federal Government has announced its intention of stopping from March 31 its annual contribution of 40 per cent. of the expenditure on direct unemployment relief.

CHURCHILL AND THE LION

With Winston Churchill on the air
The lion stands before his lair
And roars a challenge to his foes—
At least to those he really knows.
Meanwhile within the lion's den,
Still hard at work, the poison pen
Devises plans and schemes and laws
To draw the lion's teeth and claws
And hatches peace-aim plots to jerk us
Into some federated circus,
Let's hope that Churchill and the lion
Know which of us they can rely on.

— EXCALIBUR.

(PARLIAMENT: continued from page 3).

ions, they fully recognise that appropriate action must be taken against any persons, whatever their political creed, who place impediments in the way of our war effort and thus help the enemy.

SUPPLY: COMMITTEE

VOTE OF CREDIT

(87 columns)

Sir K. Wood: . . . War is always costly, and this war is the costliest and most expensive war in our history. If the Committee agree to a Vote of £600,000,000, this, as can be seen from the statement on the printed Estimates, will bring our total grants for Votes of Credit in the current financial year to £3,300,000,000. In the last war the largest sum granted was £2,500,000,000, in 1918, though this was not all spent owing to the conclusion of the war in that year. The largest sum actually spent was some £2,432,000,000 in 1917. We have, therefore, already passed the highest amount of expenditure in the last war, and the pace is still growing. The other comparison that I would make is in relation to our growing rate of expenditure in the present war. A year ago our daily rate of expenditure was £5,000,000, £4,000,000 of which was for the Fighting Services. To-day that daily rate has risen to over £10,500,000; £8,000,000 for the Fighting Services and £2,500,000 for other war services, such as the outlays of the Ministries of Shipping, Food and Home Security. Our daily expenditure has therefore more than doubled since a year ago, and has increased by nearly £1,500,000 a day since I asked for the Supplementary Vote in October last. . . .

There are other considerable services of State: the service of the Debt and the Civil Votes, including our social services, and when we add that expenditure to that on the war we are now spending approximately at the rate of £12,250,000 a day. . . .

Mr. Richards (Wrexham): . . . There comes the gap. The relevant advantages of taxation and borrowing is a very old and a very difficult question. We cannot raise the whole of this by any conceivable system of taxation that the Chancellor can invent. It has been estimated that we could perhaps put another £100,000,000 on direct taxation, but that would leave us with a gap of something like £3,400,000,000 to find in some other way. Here comes the real

difficulty. How is that £3,400,000,000 to be found?

Reference has been made to the admirable work that has been done by the National Savings Committee. . . I believe the rate of saving at the moment is something like £100,000,000 a month. You are left with a very considerable balance even then. But investments in war savings are not all taken from real savings. In a great many cases they are transferred from other kinds of savings. Consequently the amount actually saved for the purposes of the war and lent to the Government this year is probably much less than the £1,200,000,000 for which the National Council for Savings is responsible. The rest, of course, has to be borrowed, very largely through the operation of the bankers. The speeches of the chairmen of the various banks which have just been delivered all point to the fact that last year a very considerable amount of increased credit had been granted by the banks. This is the most fruitful source of inflation that can be imagined. The Chancellor really must take this matter in hand and see that what we get in the way of savings are real savings and not merely bank created credits. This is a fundamental question and it may involve a very serious re-organisation of the financial system of the country. Facing us as an alternative, of course, is an extreme system of rationing. It seems to me that there is no alternative if we carry on in the present way. Though we may push taxation to its extreme limit we are still left with a very horrifying gap and, if that is filled in the way in which it generally is, it will simply mean more inflation, it will mean increasing the cost of the productive effort of the war and will eventually have the effect of depressing the standard of life of the people, which is the one thing that we do not desire to do, particularly at present.

Sir Stanley Reed (Aylesbury): . . . When the hon. Member for Kidderminster talked about the limit of bearable taxation, I am quite certain that he meant, and that the Committee understood, the limits of realisable taxation. All the hot air which was talked in this House on the last Budget about its being not sufficiently stringent, and all the hot air which is talked now by those who may not have to pay about making the next Budget still more stringent, entirely ignores the basic problem, which is the limit of realisable

taxation from the direct taxpayer at a time when vast masses of what we call taxable assets have completely disappeared or are in the process of completely disappearing. To follow advice which has been thrust at the Committee would be merely to accumulate an enormous block of bad debt—of direct taxation which could never be realised—so I hope the Committee will give its unhesitating support to the policy pursued by the Chancellor of keeping the weight of direct taxation within the bearable capacity of the direct taxpayer. . . .

Mr. Loftus (Lowestoft): . . . Does any individual in this country, facing the gigantic figure of expenditure that is before us, believe that sufficient money can come from those two sources of revenue, taxation and genuine savings? I challenge anyone to answer in the affirmative. It cannot be done. Let us face realities, and admit that that gap cannot be bridged either by taxation or by genuine savings. These may narrow the gap, but they cannot bridge it. We have to face the fact that there must be some degree of inflation. We ought to consider which is the least harmful way of bridging the gap by some method of inflation. I suggest that we should all agree that the most harmful way would be to copy the methods of the last war, with its enormous creation of bank credits used to subscribe the new loans at 5 per cent., which has left that appalling burden of debt upon the nation as an annual charge.

I think that we are to-day using a much better method. My right hon. Friend is using the new method of borrowing from the joint stock banks Treasury deposit receipts at $1\frac{3}{8}$ per cent. The money he gets goes into circulation, and gradually creates new bank deposits, on which he again borrows at $1\frac{3}{8}$ per cent. Again the money goes into circulation, paying for all kinds of Government expenditure, and creates new deposits. On those, he can borrow again at $1\frac{3}{8}$ per cent. That is an enormous improvement in technique on what happened in the last war; and the Treasury deserve to be congratulated. But is there not a danger that these loans at $1\frac{3}{8}$ per cent. may later be converted into subscriptions to medium and long term Government loans, at say, $2\frac{1}{2}$ per cent. I direct the attention of the Committee to the statement of Mr. McKenna, chairman of the Midland Bank, the other day. He pointed out that the creation of credit by the joint

stock banks was not costless.

Over all, the interest that the bank will pay is about one per cent. He suggested that that would just about cover the cost of the creation of the credit. If we assume that to be so, and these loans due to the Treasury are converted later on into long-term loans at $2\frac{1}{2}$ per cent., obviously that would be the beginning of the disastrous procedure of the finance of the last war.

I feel that, if there has been a bridging of the gap by the creation of credit, we ought to face the fact and create that credit in such a manner as to do the least harm and place the least burden on the future of this country in the way of debt. I strongly suggest that, where taxation, plus genuine savings, does not meet the expenditure of the war, the State itself should, at the Bank of England, create credit to bridge the gap without debt. It is inflation, I agree, and it would mean that at the end of the war there would be a debit to the State at the Bank of England of whatever figure it was, of £2,000,000,000 or £3,000,000,000, which would represent the real cost to the nation, or a great part of it, in the loss of wealth due to the war effort.

If the answer to that proposal is that that is inflation, I agree, but our present methods are inflation, and methods founded on the last war are inflation. The advantage of this method is that it does not pile up any permanent interest-bearing debt in the future. I wish we could to-day have a discussion of these very difficult problems. We all realise that finance is one of the main levers of war, and it is the desire of every hon. Member of the Committee to face this gigantic problem and to think over every possible method of helping, realising that on a successful solution may well depend the issue of the war, and also that there is no perfect solution, but that we have to face facts and so organise our funds that, if there is to be any kind of inflationary tendency, it shall rigidly be controlled, and by the least possible harmful method.

Mr. Wedgwood (Newcastle-under-Lyme): I cannot follow the hon. Member for Lowestoft (Mr. Loftus) through his speech. It seems to me that this creation of credit is only a branch of the great major Douglas proposals we have had for the last 25 years.

Mr. Loftus: Credit is being created every day now in the war, and after

the last war most of the National Debt was created credit.

February 12.

CONSOLIDATED FUND

(NO. 1) BILL

(9 columns).

Mr. Tinker (Leigh): There is a point on which I would like to ask a question. On the first page of the Bill, in Clause 3, there appear the words:

"The Treasury may borrow... any sum or sums not exceeding... one thousand, six hundred million pounds,"

and overleaf it goes on to say:

"Any money borrowed otherwise than on Treasury Bills shall be repaid, with interest not exceeding five pounds per cent. per annum."

I understood that this House had decided not to pay interest to that extent, and I want to know from the Chancellor why five per cent. is specified... When this comes before the House, we are entitled to know what is meant. Does it mean that the Treasury will have power to pay interest up to five per cent. and that this House, after passing this Measure, will have no voice at all on the restriction of interest? In a crisis like this the time has now come when, money having to be borrowed, people who have the money ought not to expect interest to that extent. In fact, if I had my way, I would take all the wealth without paying any interest, just as the Government conscript human life. When five per cent. is put into a Bill, we are entitled to know what it means, and before the Bill is passed I want the Chancellor to assure us that not more than $2\frac{1}{2}$ per cent. will be paid on borrowed money.

The Chancellor of the Exchequer (*Sir Kingsley Wood*): ... As far as the figure of 5 per cent. referred to by my hon. Friend opposite is concerned, that is the ordinary stock form which I understand is always used. I think he will agree that one of the features of finance during the war has been the comparatively low cost at which we have been able to make our arrangements, and I can assure him that we have every intention of continuing to do so....

CLAUSE 3—(Power for the Treasury to borrow).

Mr. Tinker: I beg to move, in page 2, line 7, to leave out "five pounds," and to insert "two pounds ten shillings."... If it [$2\frac{1}{2}$ per cent.] is regarded as a fair figure for the invested savings of the poor—money which is probably more

honestly earned than the money of the great financial interests—then, at least, we ought to provide that no one else should get any higher rate of interest. I do not think that anyone, even among hon. Members opposite, believes that anyone ought to receive more than $2\frac{1}{2}$ per cent. on money lent to the Government at the present time. In fact, I question whether people ought to get even that figure, but I recognise that orthodox finance is very difficult to break down and that we have to go stage by stage.

Sir K. Wood: I shall be quite prepared to amend the figure to £3, in order to meet the situation. As has been said, this figure of £5 has been inserted in the Bill in accordance with the practice that has been followed for many years; but if the hon. Member is prepared to accept the figure of £3, I am quite in agreement.

Mr. Tinker: In that case, I will certainly withdraw the Amendment, and move another Amendment, to make the figure £3.

Amendment, by leave, withdrawn.

Mr. Tinker: I beg to move, in page 2 line 7, to leave out "five," and to insert "three."

Mr. Bellenger (*Bassetlaw*): It seems to me that the way in which we are conducting our business in the House of Commons at present is most slipshod. On the Bill that we are shortly to discuss again, we have had nothing more than nods and winks from the Chancellor of the Exchequer. Now, on this Bill, when the Chancellor is challenged he first makes the lame excuse that he has been following the traditional way, and then, on being pressed, he comes down to bargaining with my hon. Friend. Those slipshod methods will not suit this House or this country. If the Chancellor means £3 to be the figure, let him put it into the Bill and come to this House with it properly. We are losing confidence in the Government because of their way of conducting business.

Sir Irving Albery (*Gravesend*): I should like to recall that several years ago I moved an Amendment similar to that which has just been moved by the hon. Member for Leigh (Mr. Tinker). The Labour party were in office at the time, and I got no concession....

Amendment agreed to.

Clause, as amended, ordered to stand part of the Bill.

Clause 4 ordered to stand part of the Bill.

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as a donation towards the Social Credit Expansion Fund, to be expended by the Administrators at the Sole Discretion of Major C. H. Douglas.

Name

Address

(Cheques and Postal Orders should be crossed and made payable to the SOCIAL CREDIT EXPANSION FUND.)

Name.....

Address.....

**TO THE DIRECTOR OF REVENUE,
THE SOCIAL CREDIT SECRETARIAT,
12, LORD STREET, LIVERPOOL, 2.**

I wish to support Social Credit Policy as defined in the terms of association of and pursued by The Social Credit Secretariat under the Advisory Chairmanship of Major C. H. Douglas.

I will, until further notice, contribute

£ : : , { per month,
per quarter,
per year,

towards the funds of the Social Credit Secretariat.

Signature.....

I herewith enclose the sum of £ : : , as a donation towards the above mentioned funds.

Signature.....

(Cheques and Postal Orders should be crossed and made payable to the SOCIAL CREDIT SECRETARIAT.)

Books to Read

By C. H. Douglas:—

- Economic Democracy
(*edition exhausted*)
- Social Credit
(*temporarily unobtainable*)
- Credit Power and Democracy ... 3/6
- The Monopoly of Credit
(*temporarily unobtainable*)
- Warning Democracy
(*edition exhausted*)
- The Tragedy of Human Effort... 6d.
- The Use of Money 6d.
- Approach to Reality 3d.
- Money and the Price System ... 3d.
- Nature of Democracy 2d.
- Social Credit Principles 1d.
- Tyranny ½d.
- and
"This 'American' Business" 3d. each
12 for 2/-

By L. D. Byrne:—

- Alternative to Disaster 4d.
- The Nature of Social Credit ... 4d.
- Debt and Taxation 2d.

ALSO

- The Douglas Manual
(*unobtainable*)
- The Economic Crisis:
Southampton Chamber of
Commerce Report
(*temporarily unobtainable*)
- The Bankers of London
by Percy Arnold 4/6
- Economics for Everybody
by Elles Dee 3d.
- The Power of Money
by J. B. Galway 3d.
- The Purpose of Politics
by H. E. 3d.
- Tax-Bonds or Bondage and the
Answer to Federal Union
by John Mitchell...1/- (Postage 2½d.)
- Barrier to Health
by Dr. Douglas Boyd..... 6d.

Leaflets

- Invincible Britain
by John Mitchell2d, each,
1/6 doz.
- What we are about
by H. E.50 for 1/6
- Hitler and Churchill Finance
by John Mitchell50 for 1/9
- Bomb Hitler!
by C. H. Douglas100 for 1/3

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BELFAST D.S.C. GROUP

Group Meeting on March 6, 1941.

Subject: Social Credit Abroad.

In the Lombard Cafe, Lombard Street, at 8 p.m. Correspondence to the Hon Sec., 17 Cregagh Road, Belfast.

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