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FOR POLITICAL AND ECONOMIC REALISM

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This War is not being fought on Tax money, therefore

TAXES ARE SHEER ROBBERY

UNTRUE

There are three reasons, and only three reasons, why it is alleged that taxation is necessary.

The first is that the money which the public possesses is the only source of money available to the Government to pay for the war or social services.

The second is that the only way to switch the employment of labour and raw material from civil production to production of war material is to deprive the public of part of their incomes so that this part of their incomes is spent by the Government.

The third is that if the public has more money to spend than there are consumers' goods to buy inflation must ensue.

All three of these statements are untrue.

The first statement is proved to be untrue by the fact that the Government has been spending large amounts of credit created by the banks since the war started. For evidence we can turn to *The Economist* of June 21, 1941, which says, "In the past twelve months, bank credit has been created to the average extent of £33 millions a month and lent to the Government." Actually two or three times this amount of credit has been created and lent to the Government by the banks during the past year. Then a recent issue of the British banking journal *The Banker* said:—

"But it is not in the least true that the production of arms could not take place, only on a smaller scale, if the public were not providing the money in the form of gifts or loans or taxes. If the money were not forthcoming in one of these ways it would have to be created. And this the State, as the monetary authority, can do perfectly well, at negligible cost and practically without limit."

The second statement is untrue because the Government has taken, by special act of Parliament, all the powers it needs to control labour and raw material and can therefore direct to what ends they are used. *The Banker* has this to say on the subject:

"... it cannot be said that the public, by failing to cut down its consumption expenditure sufficiently, is preventing the release of resources for the war effort.

"It is for the Government to decide what shall or shall not be produced, irrespective of the way the public disposes of its money."

The third statement has no basis in fact and is untrue, because it is not the *spending* but the *receipt* of money by the public, whether in the form of wages or dividends, which increases prices. The price of any article is made up of cost and profit. Money spent by the public in the shops does not increase costs, and it need not increase profits, since the Government has power to control profits and can if it so desires control them in such a way that the producer is encouraged to produce *more* with the same or less expenditure of labour.

ABOLISH TAXATION

It is quite evident therefore that taxation serves no useful purpose and is sheer robbery of the public by the State. It is in fact doing immense harm. For one thing it is necessitating the needless employment of an army of taxation officials. It is discouraging producers by depriving them of a proper incentive to produce. It is causing frustration, friction and endless time-wasting in the filling up of forms by the public, and it is wasting paper. And it is causing the assets of private individuals and producers to be mortgaged to the banks, and thus putting the nation in pawn to the institutions.

All taxation is a transfer of the credit of individuals to the State and those who stand behind and manipulate the State. Taxation is Social Credit in reverse.

The abolition of taxation would remove an immense amount of friction, and the pressure of consumer demand on producers resulting from it would encourage all producers to produce more goods with the same or less amount of labour, thus enabling the release of more man-power for the war effort, *if required*.

The war should be paid for with the credit which the bankers have themselves admitted costs them practically nothing to create. This credit should be claimed by the Government on behalf of the country as national credit and not treated as a debt. As the last war has shown it can never be repaid in any case. And the banks are not entitled to claim more than a small fee from the Government

to cover their book-keeping costs. A single payment of $\frac{1}{2}$ per cent. would cover their costs. They have no right to claim the ownership of this credit, nor to be paid annual interest on it.

The Government exists to give the public what they want. If they don't know how to do this we can tell them.

Look out for

TAXES ARE SHEER ROBBERY

as a leaflet in the near future

Date of publication and prices will be announced shortly.

A "PERSONAL" QUESTION

The following is from the "Jewish Chronicle" of June 27, 1941:—

Mr. R. R. Stokes (Lab., Ipswich) asked the President of the Board of Trade on Tuesday [June 24] whether he had any report to make on the progress of the mission undertaken by Mr. Israel Moses Sieff, who was granted an exit permit on August 12, 1940, to enable him to travel to the United States and Canada for the purpose of developing export trade from the United Kingdom.

Mr. Lyttelton: Yes, Sir. I understand that very considerable orders have been received for delivery to the United States.

It is interesting to note that this Mr. Stokes is a man of catholic interests. His interest is revealed in both the Jew-baiter and the Jew. Again, while a Labour member, he is at the same time Chairman and Managing Director of Ransomes and Rapier, Ltd., and Managing Director of Cochran and Co., Annan, Ltd.

It will be recalled that Mr. Israel Moses Sieff, about whom Mr. Stokes is inquiring, was the special butt of much of the Mosley National Socialist anti-Jewish propaganda, and of the crude Jew-baiting incitement of other pro-Fascist and pro-Nazi organisations before and in the early part of the war. By an unfortunate, but certainly quite fortuitous, coincidence, the careful use of Mr. Sieff's full name, "Israel Moses Sieff," was a characteristic of this activity. Another fortuitous coincidence seems to be that this Mr. R. R. Stokes, M.P., who seems so interested in Mr. Sieff (this is the second personal question about Mr. Sieff that he has put in the last few days) and who also takes care to employ Mr. Sieff's full name so that all who read or hear may know that Mr. Sieff is a Jew, has also been a frequent Parliamentary inquirer concerning Fascists and others suspected of being pro-Nazi who have been interned under Regulation 18B.

BASE

It is reported from the United States that an American contracting

firm, the Merritt-Chapman and Scott Corporation, of New York, is to undertake construction work in the British Isles.

Press reports add that the firm recently built a naval air base at Rhode Island. A number of American technicians will come to Britain by air.

AMERICAN LOAN

Mr. Jesse Jones, the American Federal Loan Administrator, announced on June 25 that the Reconstruction Finance Corporation was considering a loan to the British Government under the new law authorising such a step.

"The purpose of the loan," he said, "would be to provide the British with dollar exchange to pay for war supplies in this country without having to sell their American securities and investments at a forced sale." In some quarters it is reported that the loan would be for "several hundred million dollars," but Reconstruction Finance Corporation officials hinted that a small figure was contemplated to start with.

Mr. Jones said that the collateral proposed for the loan would include "direct investments and a wide diversification of stocks and bonds of corporations "in the United States—the American subsidiaries of such companies as Shell, Imperial Chemical Industries, Dunlop, Turner and Newall, Reckitt and Colman, etc., as well as the dollar securities already requisitioned by the British Treasury that are not yet realised.

GERMANY AND THE UKRAINE

A correspondent of the *Sunday Times* points out that the idea that the Ukraine is the granary of Russia is mistaken.

"Speaking at the 18th Congress of the All-Russian Communist Party on March 10, 1939, Stalin said that 'the Ukraine has ceased to be the granary of our country.' Out of 25,000,000 tons

of grain which the Soviet Government collected annually in 1936-1938 from the whole of the U.S.S.R., the Ukraine supplied only about 6,000,000 tons. There is no need to doubt these figures."

In the last war the amount of foodstuffs exported by the Germans from the Ukraine was too small to affect the position in Germany: they obtained only about a quarter of the 1,000,000 tons of grain that the Ukrainian Government undertook to deliver between March and July, 1918.

The writer points out that today should the Germans be able to occupy the Ukraine they would obtain far less grain than do the Soviets.

LOCAL GOVERNMENT

A correspondent to the "Liverpool Daily Post" of June 27 wrote:—

Local government has no meaning apart from democracy. Democracy can operate only in a community, and a community is something born of geography and history and not of technical requirements. The nation is a community; the town is a community, and well-defined areas such as Merseyside, Tyneside, or the Black Country may be communities, but there is no such thing as regional community. The region is an administrative convenience, born of the necessities of war, and, like the black-out, may have no place in the normal life of the nation. A democratic regional council is, therefore, a contradiction in terms.

Democratic local government presupposes some community of interest among the people participating—the local unit must have a social and political meaning. It is a question whether the formation of hybrid local units such as Lytham-St. Annes, or Hoylake and West Kirby, may not be an aspect of the tendency to override local sentiment, which has, I suggest, played no small part in the decline of a living democratic spirit (as distinct from a mere equalitarian sentiment), which has been noticeable in the past decade or so. By all means let local authorities co-operate for technical reasons, but let the local authorities correspond to real local community life.

"We are Denying with our Lips what we are doing with our Hands..."

By H. R. P.

Attention is frequently drawn in these pages to the wide divergence between the statements and the actions of those in power. Three such statements will be examined here. We all read some few days ago of the resolution passed by the Allies' Conference in London to the effect that our united peace aim was the establishment of "social and economic liberty" of the people. This is an impeccable sentiment and precisely what the individual Britisher is fighting for. Then we are being exhorted to co-operate. We are told—quite truthfully—that without the co-operation of the people no government can prosecute a war successfully. Thirdly, all words and deeds causing alarm and despondency, so it is dinned into us, are hostile to our cause. That also is a truism. Without faith and hope this country cannot win.

Unfortunately many people, on hearing words with which they agree, jump to the conclusion that the actions of the speaker are sure to conform to the sentiments he has expressed. The only check there is on the integrity of the speaker is to compare his words with his actions, doubly necessary in these days of political confidence tricksters, quislings, and treasonable secret societies. Perhaps, of course, those in authority have not grasped the real meaning of their own sayings and exhortations.

Co-operation can be either voluntary or forced; the former is vastly more effective than the latter. The difference is so great that without the voluntary co-operation of the people of this island and of the Empire any military or other victory over the "evil things" we are fighting is out of the question. By all means at the disposal of the government that voluntary co-operation should therefore be secured.

It is clear that it cannot be secured if the people or a large part of the people lose heart either by witnessing repeated ineptitude in their leaders or by having imposed on them conditions that are so onerous and undesirable as to make them think there is nothing worth fighting for. Democracy—the real thing, not the phrase—undoubtedly is worth fighting for. "Social and economic liberty" is almost the whole of Democracy, and is worth fighting hard for.

Now one thing is very certain,

because the world is made that way, and that is that to attain a certain end, the means are limited. Those means must always conform to principles that are conditioned by the aim. You cannot attain democracy by dictatorial methods. The public, even if it is very inarticulate, is quick to see whether the methods employed are likely to attain a given objective by conforming to the correct principles. If it thinks not, or even has doubts, the public will not co-operate. Much of the present friction and inefficiency is due to such doubts. The public can see the general trend of affairs and being neither deaf, dumb, nor daft, is only half-hearted in its efforts. No one can pretend that this trend is towards social and economic liberty; it is quite the reverse. Large sections of the community know from their own experience that much of the restricting is not only unnecessary but injurious. Some restrictions, perhaps many, are inevitable in such a war as we have been forced into; but the trend should be towards a minimum, and not towards a maximum.

Two recent examples will act as illustrations. It would be difficult to discover a better way of causing alarm and despondency in the higher parts of the whole Civil Service, than the series of acts and regulations to which those posts have been subjected for some time. Like any other organisation its working efficiency must depend on the work done by the higher grades and yet at present all civil servants who are paid more than £500 per annum are being systematically antagonised.

Then again, look at eggs—metaphorically speaking. What an incredible muddle! Orders, regulations, "unfortunate wording," counter-orders, amendments, explanations follow one another. In pre-war days the Socialists based their claims on "maldistribution." The same catch phrase is trotted out now to justify the "control" of eggs. Whether control will result in a more even distribution of eggs is not merely problematical, it is most unlikely. One result which is, however, inevitable and has already started is that control will result in reducing the production of eggs.

The housewife and her worker husband, in whatever station of life, are being driven to distraction, not by

physical necessities, but by petty annoyance. Instead of being spurred on to greater effort in work and initiative, their will to co-operate is being undermined by acts that *cause*, not merely spread, alarm and despondency. That could all be quickly changed. The public is now asking in a dazed sort of way: "what is keeping us back?" Their instinct is right, except that few have the moral courage to substitute "who" for "what." The public would be equally quick to recognise a genuine change of direction towards "social and economic liberty" and would react accordingly. Then victory, a real victory of the people, would be assured, would even be in sight.

PLANNED SCARCITY

In a letter published in the *North Devon Journal and Herald* of June 12 Mrs. Clifford wrote:—

"No one, I think, quarrels with the idea of rationing of commodities of which there is scarcity, in fact it may be said that at present the public assent to that policy and have made it their own; rationing, yes, but not the centralisation of control which under cover of no-one getting more results in everyone getting less.

"We are all in fact the losers all round, and are being treated like fools. In addition, the ordinary channels of commerce are choked with paper forms and verbiage, and multiple stores benefit unduly at the expense of local individual traders. Moreover, in order to bolster up a dying financial system, other enormous quantities of goods, even foods, including biscuits and chocolate, have been exported to America where they have more than enough of them already. When the people unite and insist through their paid representatives that the Government distribute National Dividends *in kind* if need be through out the war (e.g., stockings, boots) to every man, woman and child composing Great Britain Ltd., to enable the speedy distribution of everything that is available, only then will the nation rise to its full strength of purpose and power to prosecute the war. 'Let us lay aside every weight and sin which doth so easily beset us and run with patience the race that is set before us' the sin in this instance is PLANNED SCARCITY."

EGGS and JAM

By B. M. Palmer

Momentous events like the invasion of Russia tend to throw everything else into obscurity. Otherwise the terrible muddle resulting from the government's centralised Food Control would drive all other subjects from our conversation. As it is, food comes second in importance only to Hitler. Every shopkeeper, shopper, and producer is irritated beyond endurance by the Heath Robinson machinery of 'control' and its results. The disappearing onion, tomato, new potato and strawberry are now beyond a joke; everyone is asking whether eggs, fish and offal will follow them to limbo.

"Price is fixed to-morrow, there won't be any more," is becoming a commonplace. "They'd sooner let them rot than let you have them."

It is not quite clear who THEY are, and that's the whole trouble. The people are still inclined to blame one another rather than look to the responsible lion-tamer.

Well, who is it? If ever the blame is brought home there will be a good centralised load of it.

I think the scrapping of the first egg scheme is a decided victory to the lions. They won in a few days. Threats came from all over the country to kill chickens by the hundreds. It is perhaps not surprising that the first successful revolt against central planning came from the food front. Everyone is food-conscious now, and humbug concerning low living and high thinking cuts no

ice whatever.

While Lord Woolton persists in introducing sobstuff into his organising he must be prepared for shocks. May he get plenty!

From a recent issue of *The Times*:—

"Lord Woolton admitted that he was not happy about the jam position, and that there is need for special efforts. On Monday he visited a small village co-operative fruit preserving centre and saw a woman hand in about 10 small sticks of rhubarb which had been grown in her garden. He regarded that as justification for his scheme to prevent the waste of food, for the more the women of the country can be persuaded to take small quantities of fruit from their gardens to the village centres the more jam there will be in the towns. Very much can be done with the aid of the village co-operative fruit preserving centres, which have increased in number from 2,300 last year to 6,000 this year."

This is not "social engineering." It is self-sacrifice, just in case you were wondering—the widow's mite, you know.

What the country people feel has been told in a remarkable letter from a farmer's wife:—

"They are at last *thinking* about doing what I begged to be allowed to do last year. I could have saved no end if I had had a chance and could only

have done a little in my own small part of Suffolk. Everyone was ready to help. It is so vital that we should each individually grow and preserve.

"I asked the Institute of Agriculture for help on the growing side in villages with evacuees' clubs. They can do *nothing* until the autumn because they are busy with the Co-operative Jam Scheme!! Talk about brick walls, while people are wanting to know how to grow and preserve for next winter, and land is waiting, available for allotments! I believe the whole scheme for Jam will have a nasty knock with fruit not coming in. I have encouraged home pulping without sugar, and it is most popular. After all the first job of a rural community is to serve its own winter needs. It is for other means to be found for the towns. At least that is what I feel. Agricultural areas have so many other problems; we cannot queue up outside shops, but have to take what is brought to us."

The first job of a rural community is to serve its own winter needs.

This amazingly simple axiom of social engineering would never occur to Lord Woolton. Sacrifice, you know.

But no real progress will ever be made in agricultural organisation until we all realise that we must work *upwards* from the village unit, not *downwards* from the State.
June 26, 1941.

"HALF AN EGG..."

Major-General J. F. C. Fuller wrote to *The Times* on June 23:—

"Sir,—There can be no disputing the fact that food is the foundation of all strategy; yet the astonishing thing is that, though for the time being I am living in a country village 60 miles from London, except for potatoes my wife is unable to obtain fresh vegetables—canned ones alone are to be bought. Therefore, seeing that of all the nations involved in this war our home-grown food situation is the most precarious, is not it time that our Ministries of Food and of Agriculture—now cutting each other's throats—changed their outlook on the problem?"

"We want food—that is the essential—and not equality of distribution, which, however desirable as an ideal, can only

be attained by planning and super-planning. This foolishness, because it runs counter to human instinct—original sin, if you prefer—was the dry-rot of the Bolshevik system, which led to some of the worst of recorded famines. Bolshevism, even by instalments—which seemingly we are now getting—can, in my opinion, lead to no other end.

"A typical example of this inversion is what has become known as the 'egg riddle'—a conundrum which might well have been posed us by our enemy. Might I ask the Ministry concerned this question: How much grain and meal is given to the hens of an Indian bazaar? True, they are wretched little birds, laying wretched little eggs, yet surely in war-time half a fowl or half an egg is better than none equally distributed. More important

still, let our Government remember this: Though some planning is obviously necessary, in the end a planned world is a damned world, because, unlike the machine, man was not created on a drawing-board."

ALBERTA 1905-1939

IS BRITAIN BETRAYED?

The offer of extra copies of *The Social Crediter* for June 21 at a reduced rate has now been withdrawn as the edition is exhausted.

The articles named above are shortly to be reprinted as separate leaflets. Date of publication and prices will be announced as soon as possible.

From Week to Week

Yes, Clarence, there are indications that this may become a better war. Roosevelt ("Red-field" not "Red-shield," Clarence) will help the Russians to bomb Schafhausen, Koenigswursterhausen, Mulhausen, and Nordhausen, and Rothschild ("Red-shield" not "Red-field," Clarence) will help the French to help the Germans to bomb Minsk, Pinsk, Omsk and Tomsk, and the war centre will move towards Alaska, and the British will become The Arsenal of Democracy and be Thrilled By the Way the Common People Can Take It. Let's start a League to Give All Aid to America, Short of War.

Yes, Clarence, again, Britain is still nominally a Monarchy. The substitution of intimate little snippets about President Roosevelt for news of it in the bulletins of the "B".B.C. is just a bit of clean fun.

Very fittingly the welcome to Russia as an ally was given by Lord Nathan—good old English name, Nathan—at a luncheon to Mr. Fraser, the New Zealand Prime Minister. The Fraser-Nash combination, the New Zealand brand, not the motor car of that name, was put into power to block Social Credit in New Zealand, and succeeded.

The U.S. waited until after the last Armistice to tell us who was to be our Prime Minister, but we are now informed that Mr. Ernest Bevin has been approved for the reversion. About the time that Mr. Baldwin was appointed, Mr. Mackenzie King was designated by Washington as Canadian Prime Minister, but is probably not considered necessary to arrange for his successor.

THE OBJECT OF PLANNING

Cost of Power to Local Users

GLEN AFFRIC

The Editor,
"The Scotsman,"

"SIR, The letter published by you on Thursday last over the signature of Mr. P. Thomsen lays before the public what the true effects of these large hydro-electric schemes are on the High-

lands. Not only do they abstract the one industrial asset possessed by the poorest part of the country for the use and enrichment of other parts, but they actually deny the power generated to local users by charging them a price per unit which the vast majority are unable to pay.

"The main power line of one of these companies passes within half a mile of my house in Perthshire, yet I can and do generate electric current for lighting by means of a crude-oil engine for just over half the price charged by the electricity supply company. This figure includes interest on capital, depreciation, maintenance, insurance, fuel, and other materials. There are no wages to be paid.

"Some few years ago I found myself sitting next to a friend, who is connected with the management of more than one of the big hydro-electric schemes in the Highlands. I asked him when he was going to cheapen current to local users. He answered blandly, 'Never. We do not want your custom. We want the large industrial consumers for our customers.' So that if the effect, so clearly brought out by Mr. Thomson, of these schemes is to abstract power from the Highlands and use it to enrich shareholders and industrialists in London, Birmingham, Manchester, Newcastle, Glasgow, and all the large cities of the South, it is not an accident, and the protestations of their promoters about 'developing the Highlands' is a smoke screen and nothing else.—I am &c."

J. D. RAMSAY.

June 24, 1941.

"Lord Reith, Minister of Works and Buildings, declared in London yesterday that for the future planning they should cash in on the war. Things could be done in the war, he said, which quite likely might not be done after the war."

Now where have we heard that before?

"Here I am in a field of which I know nothing. I admit it. I am mightily inspired with the subject," said Lord Reith.

So saying, he informed his audience that it was touching to see the eagerness

of Local Authorities for guidance.

It is.

The Scottish Forestry Commission is buying up the greater part of Scotland with public money. Complaints of the results are widespread. In a recent case, a number of farmers were evicted, and their farmhouses left vacant, the farm lands being planted with trees in priority to the hillsides. In many cases the whole of the existing timber is cleared, with devastating results to the amenities of the district. The amount of labour used for the results obtained is greatly in excess of that previously required, and a large bureaucracy is being created.

It is obvious and commonplace that nationalisation of the land is actually taking place without Parliamentary consent. Realistically, who is getting the land? Who provided the money? Who is getting the timber, and at what price? Does the Forestry Commission publish a Balance Sheet, and if so, who audits it? Who controls its policy?

It appears to be indisputable that a far more vicious monopoly, supported by the whole financial and coercive powers of the "State," than any possible private ownership, is quietly and rapidly being organised. The previous owners were so anxious to sell out at practically any price, because of the taxation imposed by the only large scale buyer, that they naturally keep quiet.

The proceeding bristles with faults and dangers if not worse, and demands urgent Parliamentary attention. But we doubt whether it will get it.

HITLER'S POLICY IS A JEWISH POLICY

Correspondence with a Rabbi

By **BORGE JENSEN**
and **P. R. MASSON**

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A British Policy

Complaint has been made in these pages on several occasions about the use and meaning of the word 'policy' as it occurs in *The Times*. *The Times* thinks that a policy is something that is 'evolved.' Though loose, this terminology would not invite particular objection from our side, were it not for the fact that the importance of a policy does not lie in its mode of preparation. Policies are like carrots: They are the same for the man who holds that they were specially created as for him who thinks they arose by a process of natural selection—unless either of the individuals concerned is too argumentative to eat the carrot. The importance of a policy depends upon whether it is yours or not yours.

The evolutionary idea, however, as applied to policies, can be used very cleverly to hide what we may call the 'eating stage' from view altogether. *The Times* is adept at this sort of thing. "There can be little hope of evolving a policy" says *The Times*, "until the proper organisation is created." The proper organisation is to evolve it? Obviously, not, in the context supplied by the leader writer to that journal on June 28; but the proper organisation to refrain from impeding its own efficient working. "There is no question now of breaking up the structure and rebuilding from the start, but of remedying certain grave and notorious defects which have proved by long experience to impede its efficient working." ("It" is the Ministry of Information; but this is quite immaterial: *The Times* is disclosing its philosophy, and every policy is the policy of a philosophy.) *The Times* wants its policy to grow (like Topsy). Then responsibility will be hard to fix. When certain defects in the Ministry are

remedied, a policy will be 'evolved.' That is *The Times's* view. And then what? Then, of course, by a process which we are left to infer must be of still further 'evolution,' the donkey will eat the carrot. This is the same confusion of mind as occurs in the city columns where the 'barometer' which is represented as 'reflecting' public 'sentiment' is one which is actually brought into action only through the agency of some financial institution which loads the market with shares, or takes blocks of these documents off the market. But 'evolution' and the height of a column of mercury balanced by atmospheric pressure are both respectable ideas, and manipulation is a suspect idea. So, after pouring out a column to cool the critical faculty (if any) of its readers, *The Times*, returns to the notion that policies, whether evolved or not can be overhauled. "An overhaul of the policy is not less requisite than an overhaul of the organisation." That means that when this poor little fellow, Policy, having completed its 'evolution,' is struggling for life in a suitable administrative nest (or earth), all will be well if only the nest (or earth) has 'power to secure the serious attention of the War Cabinet,'—to confirm, no doubt, the 'evolutionary' excuse for the policy.

The determination of *The Times* not to let it be thought that policies (whether evolved or not) are GIVEN to someone to administer is not without cause. It suddenly feels the need for meeting the attractions of Hitler's New Order (we haven't noticed them) with something better. Hitler's New Order is a perversion, "but a perversion of something the yearning for which is deeply felt by many, perhaps by most,

inhabitants of the troubled European Continent." A mere repetition of the old slogans won't do. (Isn't that a pity?) What policy shall be 'evolved'—why, Mr. Eden's, of course: "the RIGHT economic outcome after the war."

What we have to say about that at the moment is very short:—THE GOVERNMENT HAS NO MANDATE TO ALTER THE ECONOMIC STRUCTURE, AND WAR TIME IS NOT THE TIME TO DO IT.

Policy is only the name for what the people want. What the people of this country want is to be able to work for themselves, not for, e.g. Lord Reith. If the Government don't know how to give the people what they want without producing chaos, we can tell them. They had twenty years to show what they could do. And they have shown.

T. J.

Says Mr. Wells: "The Russian has a steam bath every week and his mind, like his pores, is clean and open." We gather that Mr. Wells would be all for giving Russians steam baths seven days a week to make work for 'the great masses of young men' in less open-minded countries, who 'grow up without anything definite to live for.'

SIGN OF THE (DOUBLE) CROSS

Hoover says, Stalin's no better'n Hitler. Hitler says Stalin's no better'n Churchill. Churchill says Stalin's good'a Roosevelt. Matsuoka says Stalin's bad'a Roosevelt. Stalin says: "We's all's good's one another, 'cep'n, for the time bein', Hitler."

And what U S says, don't count more'n a can with a hole in it.

AMERICAN VISCOSE COMPANY

In the House of Commons on July 1 Mr. Stokes (Ipswich, Lab.) asked the Chancellor of the Exchequer who advised his Majesty's Government with regard to the sale of the American Viscose Company. Sir K. Wood (Woolwich, W., U.)—I took this decision after taking into account of all the relevant circumstances and receiving the counsel of those best qualified to give it to me. Mr. Stokes.—Is the right hon. gentleman prepared to say whether anyone received commission for this transaction? Sir K. Wood.—That is another question entirely. I shall be very glad to answer a question if the hon. member puts it down and I hope he will do so at once, because I do not like these statements being made.

British Assets in the United States

From the point of view of the 80,000 stockholders in Courtauld's, Limited, the difference between the recent forced sale of 95 per cent. of the company's holding in the American Viscose Corporation at the 'urgent request' of the British 'Government' and the nice little arrangement proposed last week is the difference between knowing how much papa has pinched (but not how much he is going to hand over to you) and not knowing how much uncle (Sam's my name) is going to pinch, or whether he will ever let you see any of it back at all.

The two manipulations are in series, and the first may well have been merely a piece of propaganda (for which Courtauld's stock-holders pay) for the second, which is brought in just in time to stultify consideration of the first. ('Now stop crying, Tommy, because Uncle beats his little boy much harder than daddy beats you!' Mama overlooks the fact that it's her own child, not 'uncle's' who is about to be thrashed; but this only serves to show what unnatural mothers mother-countries are.)

Both manipulations are important, and each in its own way may play a part in the formidable opposition which is coming to the irresponsible bureaucracy which has got control of this country.

Dated June 9, and signed 'C. W. Sheldon, Secretary' by order of the Board, Courtauld's issued a statement to Stock-holders which received small-print, but full, publicity in *The Times*. The company would doubtless furnish those interested with copies. The statement is too long to quote here *in extenso*; but the more politically and financially interesting points are as follows:—

"Stockholders in Courtauld's, Limited, are aware that at the urgent request of H.M. Government their directors parted with about ninety-five per cent. of the company's shareholding in the American Viscose Corporation. This was acquired from Courtauld's, Limited by H.M. Government on March 15, 1941, and in turn was sold by H.M. Government to a group of investment bankers in the U.S.A."

It would be interesting to know whether the group of investment bankers mentioned is or is not the Reconstruction Finance Corporation, and, if not, who constituted the 'group.' The Reconstruction Finance Corporation is concerned in manipulation No. 2.

"The amount to be realised by H.M. Government from the sale of this shareholding depended upon the amount to be received by the investment bankers in response to a public issue which has recently been made by them in the United States and with which Courtauld's, Limited, were not concerned. On the other hand, the price to be paid by H.M. Government to Courtauld's, Limited, for this shareholding is not determined by the price realised in the United States, but is to be agreed upon mutually with recourse to arbitration if need be.

"Your directors do not yet know what sum will be received from the British Treasury, and it is too early to say what their recommendations may be in regard to the allocation of the money when it is received.

"A word of caution is necessary at this stage. The way is by no means clear for the making of any capital distribution, even should such a course be deemed

advisable. . . ."

The statement proceeds to point out that since Courtauld's bought the American rights in the viscose process as long ago as 1909 from American proprietors who had left them undeveloped for five years, it may be claimed that British initiative and enterprise in this instance virtually gave the United States a new industry. The American Viscose Company and its successor, the Viscose Company developed rayon production rapidly. Profits expanded in the years following 1916 and remained high until 1929. "Of the total profit made in this period, after payment of taxes in the U.S.A., well over one-third was not transferred to Great Britain, but was 'ploughed-back' into the American business."

The statement goes on to give details of the progress of the undertaking in face of competition and expiration of basic patent rights. Output in 1929, when the American Viscose Company was the only producer of rayon in U.S.A., was 62,000,000 lbs. "Last year, 1940, its successor, the American Viscose Corporation, employing about 18,500 work-people, produced some 30 per cent. of the total weight of viscose yarns, or, if acetate be included, some 25 per cent. of the total output of all rayon yarns, which total amounted to 390,000,000 lbs. These facts and figures will give stockholders in Courtauld's, Limited, and the public generally, a fuller picture of what was achieved in a comparatively brief period of time, principally by energetic scientific research, swift technological improvements and the policy faithfully followed of 'ploughing back' profits.

"Altogether, from the beginning, the American Viscose Company, the Viscose Company and the American Viscose Corporation have earned profits, after meeting all other charges except taxation in the United States, amounting to more than \$480,000,000."

A table shows the disposal of these profits—fifty-fifty between the U.S.A. and U.K., Courtauld's, Limited receiving 40½ per cent.

"Your directors calculate that the written down value of the American Viscose Corporation's assets at the date of the sale of shares to H.M. Government, and before adding anything at all for the very valuable goodwill, amounted approximately to \$128,000,000."

The Times comments that "it requires no great powers of deduction to conclude" that the directors' idea of the real value is not the figure at which the shareholding was offered for sale in New York. Nor does it. "The American Viscose Corporation has been engaged on an extensive programme of reconstruction and expansion involving many millions of dollars from the corporation's own resources. This large expenditure has not yet had time to bear fruit, but it will add in a notable degree to the earning capacity."

The directors give other reasons for not wishing to sacrifice the company's interest and conclude:—

"Your directors exerted themselves from the very beginning and left no stone unturned in their efforts to find a way of retaining the whole or a major part of their interest in the American Viscose Corporation."

The stockholders are now, presumably, lending to defend the right to be free from burglars (if they have any money left).

Many of them, doubtless, after listening to the B.B.C.'s Reverend Gentlemen with less knowledge of economics than themselves thought the 'sacrifice' they were called upon to make was in a good cause—'ultimate' victory, the New World Order, and all that (the order *was* a 'New-World' order, wasn't it?). They may begin to ask questions (and find answers) when they study the details of Manipulation No. 2.

This is quite simple, and even more direct. It is that *all* the remaining British direct investments in the United States and British holdings of marketable dollar securities

shall be deposited with the Reconstruction Finance Corporation as collateral security for a loan to this country. According to *The Times*, negotiations have already been taking place to decide at what value the assets taken should be accepted as collateral.

But, since we are defending United States assets in defending the United States (and we are, aren't we?), why do we have to pay for the service? They ought to be paying us.

T. J.

(See also "American Viscose," p. 6.)

Parliament

FINANCE BILL: COMMITTEE STAGE

BEAVERBROOK AND PEACE:

FEDERATION WITH U.S.A.

June 17.

Oral Answers (33 columns) DOCK LABOUR, CLYDESIDE (PAYMENT).

Major Lloyd asked the Parliamentary Secretary to the Ministry of Transport whether he is aware of the unsatisfactory working of the new scheme for the payment of dock labour on Clydeside; that not only does this scheme substantially raise costs, but that it is being exploited by certain elements to the detriment of efficiency and speed in the turning round of ships; and whether he is prepared, in view of the unsatisfactory situation, to take steps to improve the present position?

Colonel Llewellyn: The new labour scheme on Clydeside, which completely alters the former practices in the dock industry, has been in operation for barely two months. I am aware that certain initial difficulties have arisen, but most are, I think, capable of a satisfactory local solution. I have asked the Regional Port Director to meet the parties principally concerned and report to me any action he recommends.

Mr. Rhys Davies: Will the right hon. and gallant Gentleman also take note of the situation at the Manchester docks, where there has been trouble?

Colonel Llewellyn: Yes, Sir; certainly, I will. I visited both places during the Whitsun Recess, and went very fully into the question.

FINANCE BILL

(88 columns)

Considered in Committee.

CLAUSE 2.—(Income Tax for 1941-42).

200

Mr. Hammersley (Willesden, East): ... The first important criticism about this abnormal rate of taxation [income tax of 10s. in the £] is that, taken in consideration with the Super-tax and so forth, it cannot, on the higher ranges of income, be paid out of income. Therefore, in effect, we are getting some kind of taxation of capital through the instrument of the Income Tax. There may be certain things to be said for taxation of capital, but it is obviously not right to impose taxation of capital through income. This taxation on capital through income must fall most hardly upon the producer. It does not stop the piling up of a National Debt at a very rapid rate. I notice that the rate of increase of the National Debt last year was in the neighbourhood of £2,500,000,000....

June 18.

Oral Answers (41 columns)

BROADCASTS TO FRANCE

Mr. Craik Henderson asked the Minister of Information whether all possible steps will be taken to prevent interference with our broadcasts to France?

Mr. Cooper: The technical means at our disposal are already being used to the very best advantage—and will continue to be so used with, it is hoped, increasing success—in order to give our broadcasts to France as wide an audience as possible in that country.

Mr. Henderson: Is the Minister satisfied that all possible steps are being taken to deal with this most important matter and that no scientific step that is practical will be omitted?

Mr. Cooper: Yes, Sir.

Captain Plugge: Is not this situation very serious at present? Is it not a fact that owing to our not having sufficient medium wave-lengths, we have made possible co-operation between France and Germany? Will the Minister see that we have more medium waves, because we have six against the enemy's 84?

Mr. Cooper: I am doing all I can to increase the number of wave-lengths.

Captain Plugge: But for 10 months this has been demanded, and nothing has been done.

GREAT BRITAIN AND THE UNITED STATES

Mr. De la Bère asked the Prime Minister whether he can now give an assurance that, as distinct from the idea of an Anglo-American entente, the Government will not formulate a plan for a federal union between this country and America without a mandate from this country?

The Prime Minister (Mr. Churchill): So great a change could not be brought about without the fullest public and Parliamentary discussions beforehand.

Mr. De la Bère: Does my right hon. Friend appreciate that, whereas the whole country wishes to extend entire good will and understanding to the American people, this does not amount to a desire to have federal union now or at any future date?

The Prime Minister: I do not think I have anything to add to my reply.

WHEAT (FLOUR EXTRACTION)

Sir M. Robertson asked the Parlia-

mentary Secretary to the Ministry of Food whether he is aware that, if the rate of extraction of flour from wheat were raised to 85 per cent. in order to provide a universal wholemeal loaf, it would increase the amount of flour available by $13\frac{1}{3}$ per cent., but the resultant decline in the amount of wheatfeed would be 40 per cent.; and, in view of the substantial reduction in the importation of maize and barley from abroad, what steps he proposes to prevent further reduction in the supply of wheatfeed which must lead to a considerable decrease in the nation's milk and meat supplies and to a heavy slaughtering of livestock?

Major Lloyd George: The percentages quoted by my hon. Friend are substantially correct. As regards the latter part of his Question, the possibility of avoiding a reduction in the supply of home-milled wheat by-products depends, to a considerable extent, upon the availability of shipping.

Mr. Stokes: Does the Minister not think it highly desirable that these vitamins should be fed to the human species direct, instead of through the digestive organs of a cow?

Major Lloyd George: That process is the first consideration.

Mr. Maxton: Has the Minister had any complaints from housewives that the new loaf becomes mouldy within a short period of its arrival in the household?

Major Lloyd George: I have had no complaints, but it is obvious that this loaf will not last quite as long as the other.

Commander Locker-Lampson: Is it not a fact that if you added the other 25 per cent., it would not become mouldy?

Sir M. Robertson: Is the Minister in close touch with the Ministry of Agriculture on this subject?

Major Lloyd George: Yes, Sir.

Commander Locker-Lampson: Will the Minister receive a deputation?

FINANCE BILL: COMMITTEE

NEW CLAUSE.—(Amendment of provisions as to purchase tax).

Mr. Barnes (East Ham, South): . . . The main purpose of the proposal is to delete the articles subject to Purchase Tax and liable to $16\frac{2}{3}$ per cent. tax. I would ask the Committee to review the circumstances which have arisen since the Purchase Tax was introduced. Apart from the merits or demerits of the tax

as a method of raising money at its inception, my contention is that subsequent events have entirely destroyed its desirability or advantages. I would appeal to the patience of the Committee while I endeavour to make the position clear. It is probably not fully understood. . . The reasons given for the introduction of the Purchase Tax were quite specific and clear. The Chancellor stated that he sought to raise revenue and discourage expenditure by this tax. He estimated to receive a revenue of £110,000,000, but the development of those other circumstances connected with the war to which I have referred reduced that yield in the first year from £110,000,000 to £70,000,000, and subsequent developments may make further inroads on that figure. This Amendment would probably deprive the Chancellor of revenue to the amount of approximately £40,000,000 in the year.

Let me make out my case. My contention is that the sum of £40,000,000 obtained from the operation of the Purchase Tax is not in fact net revenue to the State. That is my first main contention. I base it on the fact that approximately half of the nation's income is now being spent, in one form or another, on Government account, and therefore any factor which leads to an increase in the cost of production, either in wages or material, on a vast expenditure of that description must be set off against the revenue derived from the tax itself. I claim that the Purchase Tax has substantially increased prices over a wide range of goods. It leads to the stimulation of the demand for higher wages and therefore increases production costs. . . Another reason advanced was that we were faced with the alternatives of the Purchase Tax or inflation. No one wishes to see inflation, but it is grotesque to present to the House of Commons in dealing with matters of this kind that inflation is the alternative to the Purchase Tax, when the Purchase Tax has been the instrument of securing the most substantial rise in prices over the whole field of commodities that has taken place during the war. . . Let me take one or two items. Footwear prices are now 55 to 60 per cent. above those of 1939, flannelette 87 per cent., furniture 134 per cent., galvanised buckets 87 per cent. I have just taken one or two items here and there to show what a difference there is in the prices of these commodities compared with 1939. I contend that the Treasury has lost more through this tax than it has gained in revenue.

May I now turn to the second range of reasons, namely, that the purpose of this tax is to discourage expenditure? No more stupid argument has ever been submitted to the House of Commons to justify a tax than that. All who are connected with trade and industry know very well that instead of having reduced consumption the Purchase Tax was the one factor which led to enormous advance buying prior to its coming into operation. It was estimated that something like £200,000,000 went in advance buying. . . Then the Government have been compelled following this policy of economy in production, to introduce the Concentration of Industries Bill. If you take the limitation of supplies, the Concentration of Industries Bill, and the rationing of clothes, you have a much more effective and drastic measure, which shows how completely falsified was the argument about the Purchase Tax. . . There is no dispute in this Committee with regard to the main objective of Treasury policy. It is foolish to try to dismiss an argument on a matter such as this we are discussing under a smokescreen of that kind. We face the situation, when that figure is determined each year by the Chancellor of the Exchequer of how much he must collect in direct taxation from each individual, and it is significant that he has not had the resistance to the raising even of Income Tax that he has had on many other items.

The Government, secondly, must determine the amount of income, or the amount of food and goods, which the individual can consume, and the sooner we place that on a fair equitable rationing system instead of the irrational method we have followed so far, the better it will be for all concerned. The third point is to determine how much of the spending power of the community—or residue of the income of the community—shall go into investment. Until we get that position, inflation will always hover as the bogey in the background.

June 25.

Oral Answers (35 columns)

CONSUMERS' CREDIT

Captain Lyons asked the President of the Board of Trade whether, in dealing with the question of the concentration of trade, he will examine how far the retail principle called "consumers' credit," has justified itself in the light of the position of the distributing firms and their related financing concerns at

the present war period and state of employment?

Captain Waterhouse: I assume that my hon. and gallant Friend is referring to hire-purchase arrangements or similar method of obtaining delivery of goods before full payment has been made for them. In so far as such arrangements enable people to buy essential articles which they otherwise could not afford, they are clearly advantageous; but, in so far as they stimulate a demand in war-time for unnecessary articles, and thus lead to the diversion of labour and other resources from essential work, they are not to be encouraged. No doubt the Retail Trade Committee will consider any effect they may have on the special problems with which they are concerned.

Captain Lyons: I take it that the matter will be referred to that committee?

Captain Waterhouse: Yes, Sir.

BY-ELECTION PUBLICATION, GREENOCK.

Mr. Neil Maclean asked the Prime Minister whether he is aware that an election sheet published in Greenock, on behalf of the Communist Candidate, contains serious allegations against a prominent Member of the War Cabinet; that he is, or has been, seeking to have candidates nominated at all by-elections on a programme demanding an immediate peace with Germany; that this publication states that the source of the information is a speech delivered at a meeting in Glasgow by a Member of this House referring to proposals made to him by the Member of the War Cabinet at an interview last year; whether he will have this investigated and whether he will inform the House of his intentions as to taking action in the matter?

The Prime Minister (Mr. Churchill): The Question refers to an account, published in a Communist circular, of a speech by the hon. Member for Shettleston (Mr. McGovern), relating to conversations with Lord Beaverbrook. Lord Beaverbrook received in February, 1940, from the hon. Member for Shettleston for exclusive publication in his newspapers an account of the so-called Tavistock Peace Plan. A conversation followed on 5th March, 1940. The hon. Member for Shettleston invited Lord Beaverbrook to support the Plan. A written statement seeking support and signed by Lord Tavistock was submitted on 6th March. Lord Beaverbrook replied on 8th March, 1940, as follows:

"Dear LORD TAVISTOCK.

Very many thanks for your letter. I have never felt any anxiety in regard to the wisdom and the certainty of continuing the war.

I am a supporter of Mr. Chamberlain, and I believe in his war policy. If Peace becomes a possibility, I feel sure he will do everything in his power to promote it.

At the same time I am much obliged to you for writing me about your negotiations.

Yours sincerely,
BEAVERBROOK."

Mr. Maclean: Is no further action to be taken in regard to the very serious allegations that are contained in that by-election sheet, which is circulating very extensively in the West of Scotland, as it is causing considerable disturbance there over what are the opinions of men like Lord Beaverbrook with regard to the war?

The Prime Minister: As to legal action, I can say nothing, but it is very common in by-elections for a lot of untruthful and tendentious statements to be put into circulation, and I should myself doubt whether any importance should be attached to such malicious vapourings.

Mr. Garro Jones: Could the Prime Minister state whether these statements are made by way of allegation or by way of collateral security for the policy which was advocated by the Communist party until a few days ago?

The Prime Minister: Wide as is the sphere over which I am called upon to cast an eye, I am glad to say that it has nothing to do with the point mentioned by my hon. Friend.

Mr. McGovern: May I ask the Prime Minister whether any attempt is being made to suggest that the statements are untrue? While I have no objection to any explanation being given, the statements appearing in that sheet are completely truthful.

The Prime Minister: I am assured that they are untrue. The hon. Gentleman, I understand, was present at a private conversation and more than a year afterwards gave his own version of the conversation which passed. In those circumstances I should think the utmost distrust should be placed upon any statements of the hon. Gentleman's.

Mr. Maxton: If this were to become a matter of public controversy—personally I do not see the importance of it now—the word of the hon. Member for Shettleston (Mr. McGovern) would not go unsupported.

Mr. Maclean: In view of the statement that has been made by the hon.

Member for Shettleston (Mr. McGovern), I think this matter ought to be further investigated. I do not see that the Reply of the Prime Minister covers the points that are in my Question. I was willing to accept the Reply given, but after what has been stated from below the gangway I think the matter requires to be further investigated. I have asked for that investigation in the Question, and I want to know whether it will be undertaken.

The Prime Minister: No, Sir, I see no need at all for further inquiries. A newspaper proprietor sees all sorts of people and hears all sorts of views, because that is his business, and I suppose that from time to time he gets ill used by inventions being put about as to what has passed at private conversations.

FLEET PROTECTION (CRETAN WATERS)

Mr. Stokes asked the Prime Minister whose fault it was that no adequate air protection from the island of Crete was provided for the Mediterranean Fleet operating in Cretan waters; and whether, in view of the heavy losses subsequently sustained on account of this neglect, any disciplinary action has been, or will be, taken against those responsible?

The Prime Minister: I have nothing to add to my statement of 10th June.

Mr. Stokes: May I ask the Prime Minister whether the fact that the Mediterranean Fleet would probably have to act in those unfavourable conditions was foreseen by the Admiralty or the Commander-in-Chief of the Mediterranean Fleet, and, if so, what response was given to their representations?

The Prime Minister: I have said that I have nothing further to add to my statement of 10th June.

Mr. Stokes: Is the Prime Minister aware that a great number of people are completely dissatisfied with his statement?

The Prime Minister: A certain class of people.

Written Answers (9 columns).

FOOD SUPPLIES.

BRITISH RESTAURANTS.

Sir C. Rawson asked the Parliamentary Secretary to the Ministry of Food whether he is satisfied that com-

munal feeding centres are supplying meals to those for whom such centres were instituted; is he aware that many members of the working-class community are unable to leave their homes to take meals at such centres, and that those who can take meals at such centres, without surrendering coupons, are thereby drawing double rations?

Major Lloyd George: I can assure my hon. Friend that British Restaurants are used by the persons for whom they were intended, namely, the poorer classes, evacuees and those factory workers for whom catering facilities do not already exist in their own works. The restaurants are undoubtedly used by other people for whom they were not intended but it is difficult to see how this can be prevented. It is appreciated that some members of the working-class community are unable to take

meals in the restaurants but a cash and carry system has been provided to enable these people to send someone to purchase food at the restaurant for consumption in their homes. British Restaurants are registered as catering establishments and those who take meals there do so under the same conditions with regard to coupons as people taking meals in any other catering establishments.

RATIONED COMMODITIES (RELEASE).

Sir C. Rawson asked the Parliamentary Secretary to the Ministry of Food, seeing that meat and other rationed commodities, which would ordinarily be supplied through the traders to registered customers, are now being supplied for service at communal centres without the surrender of coupons,

how is it proposed to build up stocks; when supplies are adequate will he, in the interests of the public, issue a higher weekly percentage to the traders; and has the meat ration been maintained at 1s. in order that supplies can be found for communal feeding centres?

Major Lloyd George: The total releases of rationed foodstuffs including those supplied to catering establishments of all types are regulated so as to ensure the building up and maintenance of adequate reserves. The proportion of total releases which goes to catering establishments including British Restaurants, works canteens and War Time Meal Centres is small as compared with the releases for domestic consumption. I can assure my hon. Friend that as and when the supply position of any commodity permits releases will be increased.

Diary of Events

JUNE 16: Roosevelt closed all German consulates and propagandist organisations in the United States, because they had engaged in activities "of an improper and unwarranted character."

In Libya, British troops attacked enemy positions south-east of Sollum.

JUNE 17: *In Libya, British advanced to Fort Capuzzo, Germans counter-attacked.*

JUNE 18: *In Libya, British forces withdrew to forward positions having captured hundreds of prisoners and destroyed German tanks and guns.*

Under pressure, Turkey signed pact of friendship with Germany.

JUNE 19: *In Syria, fighting started round Damascus.* Germany closed all American consulates in Germany and German-occupied countries.

JUNE 20: Mr. Peter Fraser, Prime Minister of New Zealand arrived in Britain. Merchant shipping losses for May were: British, 355,032 tons; Allied, 92,201 tons; neutral, 14,035 tons. Between May 10 and June 10 nearly 300,000 tons enemy shipping intercepted. Rumours persisted that Germany would attack Russia. President Roosevelt ordered control of export of oil and petroleum from U.S.A.

JUNE 21: *In Syria, Damascus taken by British.* Mr. Winant returned to Britain.

JUNE 22: *Germany attacked Russia at dawn, from Finland, Poland and Rumania. Rumanian troops marched with Germans.* Mr. Churchill broadcast.

Scheme for control of eggs, revised under strong pressure, came into force.

General Wavell informed Governor of Jibuti, in French Somaliland that he must join Free French or dissociate himself from pro-axis policy, when blockade will be lifted.

U.S.A. closed down Italian consulates in U.S.

JUNE 23: *In Poland, severe fighting between Germany and Russia.*

JUNE 24: In the House of Commons Mr. Eden said that Russia had agreed to mutual military collaboration and accepted British offer to send military and economic missions; the Prime Minister said that it was impracticable for Prime Ministers of Dominions to attend an early Imperial War Conference in London. Announced that some sugar was to be allowed for home jam-making with stone-fruit.

In Canada, Mr. McKenzie King left Ottawa to visit Western Provinces.

JUNE 25: *In Poland, Lithuania and Bessarabia, heavy fighting continued; both sides made heavy air-raids. In Syria, British continued advance northwards.*

JUNE 26: *Russians counter-attacked in Bessarabia with some success; Germans broke through at Vilna; Russians had bombed Helsinki, Bucharest, Constanza and Hungarian towns.*

In Australia, Mr. Menzies reconstructed and enlarged government, appointing three new Ministers.

JUNE 27: *Russians withdrew in Northern Poland but held Germans in South.* Sir Stafford Cripps and British mission arrived in Moscow.

British and Dominion Government agreed on joint policy for disposal of surplus products of Australia and New Zealand after the war. At meeting of Australian Loan Council all the State Premiers except one vigorously opposed Commonwealth Government's proposal that States should vacate field of income-tax in favour of Commonwealth during war.

JUNE 29: *In Russia, fighting round Minsk.*

Lord Beaverbrook appointed Minister of Supply, remaining a member of the War Cabinet; Mr. Andrew Duncan became President of the Board of Trade; Mr. Oliver Lyttleton appointed to special duties abroad.

In Canada, Mr. McKenzie King stated he was prepared to reconsider decision to decline Mr. Churchill's invitation to an Imperial War Conference in London.

JUNE 30: *In Russia, Germans claimed capture of Minsk, and in Russian-occupied Poland, of Lwow. Soviet parachutists landed in Rumania.*

ANNOUNCEMENTS AND MEETINGS

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