Are we Fighting for the Bureaucrats or for Ourselves?

It might appear from the speeches of our politicians and the articles of propagandists in the daily press, not to mention the less versatile efforts of the B.B.C., that the will to win this war is greater in Government and high Administrative circles than it is with the general public.

Excuse for Meddling

Fantastically silly as this view is it is nevertheless one which is widely held among politicians, planners and bureaucrats, who are always on the look-out for excuses to meddle in the affairs of other people, and would, if they were given the chance, revel in planning every detail of the lives of the British people.

These people are to be recognised everywhere by the importance they attach to centralisation and control and the lack of faith they have in the initiative (something which they detest in other people), determination and ability of the people or, for that matter, in anyone outside a Government Department, a bank, a chain store or a Monopoly undertaking.

It is not surprising therefore that we find these people, led by Sir William Beveridge in The Times and Mr. Israel Moses Sieff of the Political and Economic Planning group, and backed by the big banking interests and almost unlimited publicity in all our daily newspapers, agitating for a Ministry of Civil Defence, to take over the powers of all local authorities and centralise every aspect of civil defence. They want to control every action of every civilian in the country, whether it be in deciding how and what they eat in a "British" restaurant or how and when they safeguard their own and their neighbours' house against fire-bombs. Those great qualities of the British character, initiative, love of independence and individuality, must be sacrificed in order to achieve the dream of the planners, where everyone is obedient to the bureaucrat and rules (called 'law') are supreme, a world of standardisation where everything is co-ordinated with government policy and everyone is equal.

In anticipation that the British people will submit to a prolonged training in this bureaucratic process by means of a long war rendered possible by (1) the crippling effect of bureaucracy and taxation on the war effort, (2) a foreign policy dictated by American interests and (3) a war strategy which does not fit the facts of British strength and weakness, Lord Reith has been appointed to plan the "peace" and allowed to announce that "the principle of planning will be accepted as national policy and that a central planning authority will be set up."

If they cherish individual freedom the British people will not delay in making known to the Government that they wish to work for their own ends when peace is established, not for ends imposed on the community under plausible ideals by Socialists and Planners, e.g. Lord Reith, who want power for themselves.

Demand Results, not Plans

As a large number of people are coming to distrust these developments and to lose patience with bureaucracy, there is some justification for optimism that the Government may be forced by the pressure of public opinion to reverse the disastrous policies which are at present being pursued. But this will only come about if the public eschews all plans and schemes and instead insists on getting results, leaving what planning and scheming is necessary to those they make responsible to them for results. They will then get results which they want, instead of plans they don't want.

If the Government does not know how to give the people of this country what they want we can tell them how to do it.

J. M.

TAXES ARE SHEER ROBBERY

ARE WE FIGHTING FOR THE BUREAUCRATS OR FOR OURSELVES?

will be issued as a leaflet in the near future. Date of publication and prices will be announced shortly.

On Other Pages

The Next Step..........................T. J.
The Breakdown of Bureaucracy
The Alberta Bank Bill
The Alberta Bank Bill

The Canadian banking and commerce committee recently refused to give further consideration to the bill designed to give the Alberta government power to establish a provincial bank, in spite of an offer to amend the bill 'in any way necessary to make it satisfactory to the federal government.'

Mr. Lucien Maynard, K.C., Minister of Municipal Affairs, and W. S. Gray, K.C., of the attorney-general's department, represented the province when the application was heard by the committee.

Mr. Aberhart said:

"Mr. Maynard expressed regret that many of the members of the banking and commerce committee did not indicate the slightest desire to consider Alberta's application with an open mind. They even objected to giving the province any further hearing and it was only after considerable argument that the provincial representatives were allowed to speak.

"The province proposed to amend the act in any way necessary to make it satisfactory to the federal government. The province also proposed that if there was any doubt about the constitutionality of the bill, it should be referred to the supreme court of Canada for a ruling as to its validity after having been passed by parliament.

"This the committee absolutely refused to consider. They were evidently determined the bill should not be sanctioned in any form that would permit the people to enjoy the benefits arising from the control of their own credit.

"It appeared to the council that if the dominion government feels that a small group of individuals should be given the authority and power to control the currency and credit of the country, largely for their own private gain and in their private interests, how much more important should it be that the federal government, upon request, grant to the people a charter of authority to control their own currency and credit solely in the best interests of the country as a whole.

"The cabinet expressed its keen disappointment at the failure of the committee to recognize its constitutional responsibility in furthering the interests of the people, especially at a time when everything should be done to enable them to give their greatest support to the Empire in its present titanic struggle."

SPITFIRE comments in "Today and Tomorrow" of June 5:

In turning down Alberta's application for a bank charter on the grounds that Parliament has no constitutional power to grant such a charter to the Province, the Banking and Commerce Committee, and for that matter Parliament, appear to have made a major blunder.

Canada is a sovereign nation organized as a federal union. This means that sovereignty over the country's affairs is divided between Parliament and the Provincial Legislatures. Anything not within the legislative competence of one authority must be within the jurisdiction of the other. This is a basic and an obvious fact which it would seem any child knowing the meaning of sovereignty could not fail to understand.

Yet the law officers of the Crown for Ottawa in all seriousness argued that it was outside the constitutional authority of Alberta, through their elected and accredited Government, but entirely within the powers of Parliament to grant a charter to half a dozen Alberta citizens wishing to organize a bank for the purpose of exploiting their fellow citizens.

Does this mean that the Province of Alberta could grant itself a bank charter? Apparently not.

Then there is one and only one interpretation which can be placed upon the action of the Banking and Commerce Committee and the advice upon which it made its finding—namely, that when it comes to a matter affecting the private banking monopoly Parliament is not sovereign and neither are the provinces. They are both subservient to an over-riding constitutional power vested in the private banking monopoly.

This is such fantastic nonsense in a constitutional democracy that it seems incredible Parliament permitted such limitations to be placed on its legislative powers. But it did! That being the case, how much further is Parliament prepared to go denying to the people it represents the sovereign powers inherent in a democracy.

Whatever may be behind the altogether astounding action—and the behaviour—of the Banking and Commerce Committee, it will have the effect of maintaining inviolable the sacred private monopoly of banking in Canada, with consequences which will become alarmingly apparent in the not too distant future.

OBSERVATION ON THE ENGLISH

I write of the English character because I think I understand England better than other European countries. The spirit of the English people is more akin to the spirit of the Chinese people, for both nations are worshippers of realism and common sense. Both people have a profound distrust of logic and are extremely suspicious of arguments that are too perfect. We believe that when an argument is too logical it cannot be true. And both countries are more gifted at doing the right things than at giving happy reasons for doing them. For this reason, it is very difficult to appreciate the quality of English greatness, and the English people are consequently often accused of hypocrisy, inconsistency, and a genius for "muddling through."

All this misunderstanding arises from a perverted idea that abstract thinking is the highest function of the human mind, to be valued over and above simple common sense. Both peoples have a profound distrust of logic and are extremely suspicious of arguments that are too perfect. We believe that when an argument is too logical it cannot be true. And both countries are more gifted at doing the right things than at giving happy reasons for doing them. For this reason, it is very difficult to appreciate the quality of English greatness, and the English people are consequently often accused of hypocrisy, inconsistency, and a genius for "muddling through."

A nation with a robust common sense is not a nation that does no thinking but rather a nation which has subjugated its thinking to its instinct for life. The English people think, but never allow themselves to be lost in logical abstractions. That is the greatness of the English mind and the reason for England's amazing power and stability. She has always fought the right war and always given the wrong reasons for her choice.

—LIN YUTANG in With Love and Irony.
BREAKDOWN OF BUREAUCRACY

Under this title, “The Social Crediter” intends to publish from time to time significant statements, whatever their authorship, concerning the development of the crisis forced upon the world by neglect of the principles of Social Credit.

“War Production” printed below is the full text of a pamphlet just issued by the Engineering Industries’ Association of which Mr. Bertram Nelson is General Secretary. The document is specially interesting because it recognizes the evil consequences of a separation of power from responsibility and deals realistically with such absurdities of taxation as the suggestion that the Government should make advances to industry so that taxes may be paid.

War Production

The presentation of the views of the Engineering Industries’ Association to all Members of Parliament in the form set out below is made with the object of impressing upon Members the Association’s deep concern at the lagging of war production in the engineering industries, and to demonstrate to Members the way in which some of the essential principles of industrial production are being outraged by ill-conceived financial legislation.

The burdens being imposed on industry by financial legislation of an indeterminate and often wholly incomprehensible kind are against all sense and consequently damaging in the extreme to the national production efforts, because those charged with industry’s productive effort are worried and encompassed by doubt, confusion and injustice.

Burdensome as the present financial legislation is, the 1941 Finance Bill adds greatly to industry’s problems and will still further interfere with the expanding of war production.

The Bill seems to be preoccupied with the task of stopping war profiteering and in their enthusiasm for this “heresy hunt,” the drafters of the measure seem to have lost their sense of proportion or responsibility and have disregarded the need to ensure that production does not suffer any serious hurt whilst the hunt is on. The Association begs Members of Parliament to insist that War production, the main issue, is not unduly hampered by attractive diversions.

The Association hopes that Members of Parliament have taken careful note of the incomprehensible wording of the 1941 Finance Bill and that they will realize that such obscenity of language and expression can but add substantially to a slowing down of war effort in industry. It is axiomatic that in industry precision and clarity of all contractual obligations is essential for successful operation.

The Association trusts that Members of Parliament will observe the developing tendency to put the taxpayer in the hands of the tax gatherer without any real safeguard and act to bring legislation into line with the tradition of Parliament in this matter.

The Association urges Members of Parliament to give due weight to its conviction that doubts and fears about production and the possibility of carrying on business have, as is inevitable, communicated themselves to the work people. The topic continually discussed by them is “What hope is there of avoiding the industrial disasters which followed the War of 1914-18?” The Association asserts that unless far more enlightened action is taken in the matter of financial legislation than is indicated by the Finance Bill of 1941, War production will be retarded and a greater disaster than that which followed the last War will be bound to occur.

This memorandum is submitted with a desire to be helpful to all Members of Parliament and, through them, to His Majesty’s Government, thus accelerating the attainment of the goal all have in view.

War Production

1. In wartime, economic policy must be directed to the fullest possible transfer of resources to efficient war production.

2. The application of this principle to the Engineering Industries involves the following factors:

   - Production for civilian demands must be turned to War production.
   - Firms on War production must be given the power to expand.
   - Production must be planned in advance, so that continuity of orders is obtained and ill-balanced production avoided.
   - Controls must be exercised for the benefit of production and not for the satisfaction of those who control. Readily available advice is much more important than a multitude of regulations and forms.
   - Materials must be available, in steady supply.
   - Labour resources must be conserved, by the best available personnel and by substituting machinery whenever possible. Excessive over-time should be avoided.

3. The special purpose of this Memorandum is to deal with financial legislation, which seems to us to be the key to the present difficulties. It will therefore be indicated how financial factors affect the above principles.

The Need for Equipment

4. War Production involves Engineering firms in immediate and ever-increasing expenditure on premises, plant and equipment.

5. In an expanding business it costs about £40 per employed person to provide the necessary facilities and services required by the Factory Act and other essential measures for wartime protection of the staff. The capital outlay per head for productive machine tools and other important equip-
ment needed in addition will vary with the product being manufactured and in nearly all cases will greatly exceed this sum.

6. The engineering industry to-day is being enlarged far beyond pre-war size. Yet, pre-war, there was surplus capacity for peacetime purposes and in general terms engineering was a depressed industry.

7. The opinion, rather widely expressed, that the enlargement of an engineering company's plant during wartime is in its interests is, with a few exceptions, therefore demonstrably untrue. Any enlargement of a company's plant and equipment is almost certain to be a millstone round the necks of its directorate and management the instant it ceases to be engaged on war production.

8. Yet expenditure on premises, plant and equipment is essential. It should, in fact, be going forward much more rapidly if war production is to be increased and labour resources conserved. It is only by thus increasing efficiency that production can be increased and costs reduced.

The Financial Gap

9. Financial legislation has, however, made it impossible for many Engineering firms to buy such plant and equipment—the normal machinery of finance has been disturbed and no adequate substitute has been provided. New capital cannot be obtained, since E.P.T. has hit hardest at those industries which have had to expand for war production. Loans cannot be obtained, since the expenditure in question has little post-war value. Even the Banks are now refusing further advances.

10. As a result of this situation, businesses are being forced to avoid all expenditure which would increase their output and the efficiency of working and have to resort to uneconomic expenditure which can be charged to revenue.

11. The effect of all this is that costs rise, output per man or woman falls and there is a slackening of effort and drive, all matters of embarrassment to a State at war.

12. How, in these circumstances, can Parliament expect the new labour force now being recruited by the Minister of Labour to be absorbed into war industry effectively?

13. The Government finance which is available scarcely helps. The average time taken for a decision varies from four to nine months: it is impossible to provide enough Government officials with industrial knowledge to investigate all the applications which should be made. In any case, it is impracticable for all essential capital expenditure to be approved by Government officials because they do not understand what is essential and what is not, and it is a separation of authority from responsibility.

14. Management should be given the authority for making capital expenditure, since it is the management which should be responsible for securing consequent improvements in production. Managerial responsibility should not be separated from authority.

The Results of Financial Legislation:—

(a) Production

15. Thus industry is deliberately being made inefficient by wrongly conceived financial legislation, which is having the following effects:—

- Plant and equipment cannot be purchased for war production.
- Economic production is therefore often impossible: Costs rise. Labour resources are wasted.
- Financial resources are so strained that it is difficult to carry adequate stocks.
- Payments to sub-contractors are or in many cases would be delayed if the main contractors met their taxation liabilities. Thus does the disease of financial anaemia spreads.
- Enterprise and efficiency are discouraged.
- Industrial extinction at the end of the war is made much more probable: reconstruction, re-employment and development of export markets are made almost impossible.

(b) The Small Business

16. These factors bear heavily on small and medium-sized businesses. These firms provide the bulk of the engineering capacity of the country, because there are sufficient people capable of managing them efficiently. It is therefore in the national interest that they be maintained in a healthy condition.

17. Management is the limiting factor in any industry and for many years to come there will be a shortage of people trained and competent to manage large-scale industry. Parliament should take notice of this essential factor and encourage small and medium businesses so as to ensure the greatest measure of successful results.

18. The majority of these small and medium-sized businesses on the outbreak of war made every effort to increase their effective capacity for war production and expanded their businesses with their own capital or borrowed from their bankers to do so.

(c) Taxation

19. War taxation has not recognised this service and these companies are being heavily penalised for having increased their production. Because they have attempted to do the best of which they are capable, they are being compelled to risk financial suicide.

20. Thus an ever-increasing number of companies are unable to make any payment of taxes, because profits have been used to increase production and the banks are refusing to advance money to pay taxes.

21. So impossible has the situation become that the tax collectors are now approaching those unable to pay and suggesting that Government Departmental advances can perhaps be arranged so that taxes may be paid!

22. It has to be remembered that over £500 millions of this country's money has been spent in America since the beginning of the war in erecting factories and placing huge production orders with the engineering industry in the U.S.A.

23. We deeply appreciate the help that is being received from the United States but why should it be assumed that the American manufacturer, free from British control and taxation, is a better risk than his British counterpart?
Unless extreme care is taken in the husbanding and protection of all our industrial undertakings, we shall have created the quite preposterous situation of having strengthened American Industry while at the same time enfeebling our own.

24. The Engineering Industries' Association states positively that the British manufacturer, supported and aided by Parliament, can and will give the country the best service in the world.

25. The Engineering Industries' Association submits that the fair conclusion to be drawn from the foregoing notes, is the imperative need for Parliament to review most critically the Finance Bill at present before the House.

The Finance Bill, 1941

26. The Finance Bill of 1941 (in so far as it is comprehensible) has done little to relieve the burdens of production and has disheartened the Engineering Industries. Production difficulties of the type we have mentioned are not solved by a conditional promise to make a return of E.P.T. after the War: our problems are here and now. There has been no attempt to define "excessive" profits fairly and E.P.T. will still drain away working capital which is essential for war production. The position will, in fact, be much worse in future, because of the very heavy burdens of War Damage Contributions.

27. We have therefore set out in Appendix A the submissions which the Engineering Industries' Association desires to make in relation both to the Finance Bill and to future financial legislation. We are confident that action on the lines suggested would greatly increase war production.

28. In our submission:—

(a) Constructive financial legislation is the key to increased production. The industries which must expand should be left with sufficient cash to expand.

(b) There should be then an authoritative enquiry as to the other factors mentioned in Paragraph 2 and the possible remedies, e.g.,

Regionalisation of Department organisation.

Simplification of controls and contract procedure.

Standardisation of Costing Systems.

Reduction of overtime and elimination of waste.

29. On these latter points, the Engineering Industries' Association is ready to put forward evidence and proposals but, in our view, the financial problem is paramount and fundamental. We ask that it should receive the urgent attention which it deserves.

APPENDIX A

The Finance Bill, 1941: Suggested Amendments

Provision for the repayment after the War of certain E.P.T. (Section 19). It is suggested that the repayment fund of 20 per cent. should be available during the War either:—

(a) As security for departmental or other approved loans for War production or

(b) As a fund out of which can be met capital expenditure certified by a Government Department to be in respect of War production.

It is also desirable that there should be a clearer and more definite provision to the effect that the 20 per cent. is definitely placed to a reserve fund for reconstruction purposes.

Artificial Transactions (Clause 26)

It is a principle of English law that taxation should be both just and certain. The new clause dealing with transactions designed to avoid liability to E.P.T. is drawn in such terms that every business transaction without exception can be counteracted by the Commissioners without restriction, subject only to an appeal to the Board of Referees. It is submitted that it is dangerous for Parliament to delegate authority in this way and that the taxpayer is entitled to know if he is breaking the law.

Special Obsolescence Allowance (Third Schedule)

(a) Under the War Damage Act (Section 82) contributions and premiums are to be regarded as capital outgoings for all purposes and are therefore not chargeable for taxation purposes. The Third Schedule of the Finance Bill, however, gives an allowance for Wear and Tear calculated on "Net Cost" which does not include War damage contributions. In other words, under the War Damage Act the contributions are in addition to Capital Cost, while under the Finance Bill the contributions are not to be so regarded. Surely there should be some constant principle.

(b) The allowance is to be given on proof of "obsolescence" but there is no definition of "obsolescence." In practice, proof will be difficult unless the plant in question is sold and there is a risk that for this reason vast quantities of plant will be thrown on the scrapheap at the end of the War; with disastrous consequences. "Obsolescence" might be defined now, e.g., as relating to plant which would not reasonably be purchased for the post-war requirements of the business.

(c) The relief is restricted to 10 per cent. per annum, which is inadequate for plant which is being worked full-out on war production. The result is that businesses are left with insufficient funds for replacements. It is suggested that the artificial limit of 10 per cent. should be abolished. Relief given now (instead of at the end of the war) would help production now, when it is vital.

Future Financial Legislation

1. The Engineering Industries' Association is not concerned with the securing of so-called "War profiteering advantages" for its members. Its War aim is to enable all its members to increase their War production to the maximum with efficiency and low cost to the State.

2. It holds as a centre point of its policy the proposition that all industry is an essential service to the State and that the proper reward for those who have contributed in raising the standard of the people is adequate profit. The labourer is worthy of his hire.

3. In the present industrial economy under which all British industry labours, the only practical measure of industrial efficiency and service to the community is the ability to make profit.

4. While the Association is therefore primarily concerned with War production, it holds that profits are nothing to be ashamed of and that appropriations should be confined to "excessive" profits.

5. With E.P.T. at 100 per cent., it is manifestly important that "excessive" profits should be fairly and reasonably defined. It is submitted that major alterations in E.P.T. law are therefore necessary.

6. The most important of the suggested changes are these:—

(a) Wider provision should be made for developing industries. There might be a flexible standard such as is used in the U.S.A.: thus if profits are £10,000, on a standard of £2,000, the standard for next year might increased by some proportion of £8,000.

(b) Expenditure in War production should be charged against War profits, with an adjustment at the end of the War if the value of the assets is increased.

(c) The Board of Referees should be empowered to allow increased standards and rates for individual industries. It is obviously inequitable to allow the same rate on capital in both safe and hazardous industries: this was recognised in E.P.D. legislation during and after the War of 1914-1918.

APPENDIX B

Set out below are a few quite typical cases of the effect of (continued on page eight)
The Next Step

Fifteen months ago, a public campaign was launched for Tax Bonds—a recognition of the fact that war production, like peace production, belongs to the people, not to the bankers.

The Blitzkrieg interrupted the campaign, which therefore did not develop fully 'according to plan.' Nevertheless, Tax Bonds or Bondage by John Mitchell was the most successful venture undertaken by K.R.P. Publications. The book had a wide public and sales were maintained until the bombing of the Liverpool office destroyed the last few remaining copies.

Active campaigning on these lines has not been resumed; but on other lines, which need not be particularly specified, great progress has been made. The progress in these directions has been due chiefly to two factors:— (1) the long voluntary training undertaken by the personnel of the movement who, with Major Douglas, rejected the idea of 'Social Credit as a parlour game'; their capacity for sound judgment as well as initiative; and (2) a steady realignment of the minds of many members of the public in regard to our views: particularly the development of a disposition to assemble a not-so-secret attachment to our politics under the threadbare cloak of hostility to our economics. We may take this as a kind of negative compliment.

Neither in The Social Crediter nor elsewhere have we made any secret of our opinion that the war now being waged has got to be won, or that the winning of it will depend upon inexpressible elements in the English character in conjunction with their effective expression in persistent efforts to circumvent the agents of an alien policy. To win the war, the obstacles to winning it must be removed.

War is political: war is the pursuit of policy by force—by all the force available. And 'all the force available' is at the disposition of the people acting in their various capacities as individuals. Co-operation is relative to the objective and to personal assessment of the efficacy of the actions people are asked to perform to reach it. If there is doubt concerning either of these matters full co-operation is lacking: force is wasted.

As the sign and symbol of this enemy in our midst, Bureaucracy is attracting more and more general attention and a formidable attack upon it is developing.

To direct this attack into constructive channels will call for the exercise of the highest powers of judgment and comprehensive understanding of the situation as a whole. We shall play our part.

In the meantime there are three points to hammer home. They appear as sentences in last week's issue of this paper:—

(1) The war is not being fought by tax-money and therefore taxes are robbery.

(2) The Government has no mandate to alter the economic structure, and war-time is not the time to do it.

(3) 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.

—Tudor Jones,

Deputy Chairman,

S. C. Secretariat.

June 30, 1941.
From Week to Week

A consistent feature of the deplorable standard of British Statesmanship and Diplomacy since it became dominated by Jewish influence, is that it has mistaken size for quality, and figures for things.

The curious and significant aspect of his error is that the individual Jew never makes it. Another double-cross?

“To hear Lord Samuel, in his rich and cultured tones, making enquiry as to the precise condition of Billingsgate was something memorable and deeply moving. It moved a lot of Peers out of the House.”—Punch, “Essence of Parliament.”

Mr. Herbert Hoover says that it is essential that Europe should be allowed to exhaust itself, and the strength of the United States be increased by keeping out of the war, so that the voice of the United States may be decisive regarding the Peace terms.

Yes, Stalin had that idea too.

The American journalist with the Hollywood-crack-of-doom voice who so fittingly refers to Britain as Churchill’s Island, says that the only joke Goebbels has made is a recent Peace Proposal.

We are completely convinced that the World Planners have, for the moment, succeeded in making Peace impossible. At the same time we feel that Churchill’s Islanders ought to be allowed to hear these little jokes.

It is difficult to ascertain the total area of land taken over by the Forestry Commission, but it is very large indeed. This land, in “private” ownership (when it was a great deal less “private” than it now is) paid in Death Duties to a colossal extent, every few years. Unfortunately a Government Department never dies. Who pays the money lost in Death Duties? Or wasn’t it ever fortunately a Government Department?

At the same time we feel that Churchill’s Islanders have in mind may be put in categorical form, but all of them are easily susceptible of elaboration and proof:

(a) The idea that very large undertakings are “efficient,” either in the narrow technical sense or in the wider economic and political connotation, is not borne out by fact. There has been a great deal of investigation into this problem. “Planning,” as generally understood, is equally unsound.

(b) There is a direct connection between the large-scale industry, manufacture of non-consumable goods for export, and the great wars of this century, and there is solid ground upon which to base the opinion that unless we revise our preconceptions on the whole subject, no victory, however complete, over Germany, will do more than lay the foundations of a still greater war. German arguments for Lebensraum, and the ideas that the British Empire and the United States require foreign markets, are equally fallacious.

(c) Individuals, whether in the Highlands or elsewhere, are not interested in the establishment of more “industry” for its own sake. Neither,

written about 40 years ago, and is particularly applicable to evils which are manifesting themselves to-day:

“Legislation since this period has followed the, course I pointed out. Rapidly multiplying dictatorial measures have continually tended to restrict individual liberties, and this in two ways.

“Regulations have been established every year in greater number, imposing a constraint on the citizen in matters in which his acts were formerly completely free, and forcing him to accomplish acts which he was formerly at liberty to accomplish or not to accomplish at will.

“This progressive restriction of liberties shows itself in every country; it is that the passing of these innumerable series of legislative measures, all of them in a general way of a restrictive order, conduces necessarily to augment the number, the power, and the influence of the functionaries charged with their application.

“These functionaries tend in this way to become the veritable masters of civilised countries. Their power is all the greater owing to the fact that, amidst the incessant transfer of authority, the administrative caste is alone in being untouched by these changes, is alone in possessing irresponsibility, impersonality, and perpetuity.

“There is no more oppressive despotism than that which presents itself under this triple form.

“This incessant creation of restrictive laws and regulations, surrounding the pettiest actions of existence With the administrative caste is alone in being untouched by these changes, is alone in possessing irresponsibility, impersonality, and perpetuity.

“Vice was the delusion that equality and liberty are the better assured by the multiplication of laws, nations daily consent to put up with trammels increasingly burdensome.

“They do not accept this legislation with impunity. Accustomed to put up with every yoke, they soon end by desiring servitude, and lose all spontaneity and energy. They are then no more than vain shadows, passive, unresisting and powerless automata.

“Arrived at this point, the individual is bound to seek outside himself the forces he no longer finds within him. The functions of governments necessarily increase in proportion as the indifference and helplessness of the citizens grow.

“They it is who must necessarily exhibit the initiative, enterprising and guiding spirit in which private persons are lacking.

“It falls on them to undertake everything, direct everything, and take everything under their protection. The State becomes an all-powerful god. Still, experience shows that the power of such gods was never either very durable or very strong.”

GLEN AFFRIC

The following letter was published in a recent issue of “The Scotsman”:

8, Fig Tree Court, Temple, E.C. 4.

SIR,

In endorsing, from personal knowledge and experience, the opinions expressed by Sir Douglas Ramsay on this matter, I should like to suggest that the question has an importance which transcends its Scottish application. For reasons of space, the considerations I have in mind may be put in categorical form, but all of them are easily susceptible of elaboration and proof:

(a) The idea that very large undertakings are “efficient,” either in the narrow technical sense or in the wider economic and political connotation, is not borne out by fact. There has been a good deal of investigation into this problem. “Planning,” as generally understood, is equally unsound.

(b) There is a direct connection between the large-scale industry, manufacture of non-consumable goods for export, and the great wars of this century, and there is solid ground upon which to base the opinion that unless we revise our preconceptions on the whole subject, no victory, however complete, over Germany, will do more than lay the foundations of a still greater war. German arguments for Lebensraum, and the ideas that the British Empire and the United States require foreign markets, are equally fallacious.

(c) Individuals, whether in the Highlands or elsewhere, are not interested in the establishment of more “industry” for its own sake. Neither,
on the other hand, are they willing to resign the processes of modern economic life to large undertakings, whether Corporations or States, which have not been conspicuously successful in giving satisfaction. I think that there is a widespread and growing determination to obtain the opportunity to do a little personal planning, rather than to become further involved in unwieldy and unmanageable Frankensteins, whether economic or political.

I am &c.

C. H. DOUGLAS.

June 26, 1941.

BREAKDOWN OF BUREAUCRACY continued from page 5

taxation at the present time any they can be taken as truly representative of what is happening all over the country.

1. E.P.T. as a penalty on Production

EXAMPLE "A"

A company which since 1936 has been wholly engaged on work for the Air Ministry, has expanded its business as shown in the table set out below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees</th>
<th>Value of Output for Air Ministry</th>
<th>Capital Outlay</th>
<th>Bank Charges</th>
<th>Profit</th>
<th>Loss</th>
<th>Taxation</th>
<th>Dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>1936</td>
<td>550</td>
<td>£70,000</td>
<td>£4,700</td>
<td>£2,005</td>
<td>£3,239</td>
<td>nil</td>
<td>nil</td>
<td>nil</td>
</tr>
<tr>
<td>1937</td>
<td>680</td>
<td>159,000</td>
<td>10,200</td>
<td>2,746</td>
<td>-</td>
<td>20,610</td>
<td>nil</td>
<td>nil</td>
</tr>
<tr>
<td>1938</td>
<td>1,600</td>
<td>442,000</td>
<td>61,200</td>
<td>5,445</td>
<td>57,765</td>
<td>-</td>
<td>2,473</td>
<td>nil</td>
</tr>
<tr>
<td>1939</td>
<td>2,490</td>
<td>678,000</td>
<td>5,000</td>
<td>6,943</td>
<td>105,368</td>
<td>-</td>
<td>75,000</td>
<td>12,500</td>
</tr>
<tr>
<td>1940</td>
<td>4,195</td>
<td>1,358,000</td>
<td>144,500</td>
<td>12,896</td>
<td>75,000</td>
<td>-</td>
<td>61,000</td>
<td>nil</td>
</tr>
</tbody>
</table>

£2,707,000 £225,600 £30,035 £241,372 £20,610 £138,473 12,500

NOTES.---1. Profits shown are the figures before provision has been made for taxation of any kind.

2. Bank overdraft at end of 1936, £40,000: at the end of 1940, £531,000.

3. No reserve funds of any kind have been created.

4. Because of the capital expenditure the bank have refused any further aid in this direction. Yet the company is being pressed to increase still further its war effort, add to its personnel, which cannot be done without the usual expenditure of £40 per head per additional employee.

5. The bank refuses to provide any additional funds, which are urgently required to pay taxes.

6. Profit earned in 1939 included profits which are properly attributable to 1937 and 1938, but which could only be taken into account in 1939 due to the difficulty in agreeing prices.

2. The effect of E.P.T. on advance of design

EXAMPLE "B"

Since 1935 there has been a persistent shortage of rivets for the aircraft industry. This became progressively worse as time went on, and so serious was the hold-up in 1938 in spite of all official efforts, that the company's management decided to exploit the idea of an entirely new rivet, the patent invention of one of its staff. This rivet was to be made in a novel way, avoiding the use of a certain material which was the basic cause of the shortage. The company developed the rivet and submitted it for approval to the appropriate technical authority. It was quickly approved, and at once the company set about organising three widely separated factories to ensure adequate and secure production. It purchased the necessary plant by increasing its bank overdraft, it invested money in stock and work in progress and then when production was flowing and assured, accepted orders from the industry.

Orders flowed in at an increasing rate because of the good qualities of the rivet and its availability. Its price was substantially less than that of the competitive products previously used, the difference varying between 10 per cent. and 33-1/3 per cent., to develop the rivet, and to equip the factories and invest money in stocks and work in progress. Since the profits earned have been sunk in additional expenses of plant and work in progress, the company is embarrassed by demands for payments of tax and the refusal of the bankers to provide loans for this purpose.

3. How E.P.T. discourages efficiency

EXAMPLE "C"

The management of the company noted with great concern the waste of time and production caused through the usual methods employed in serving refreshments during working hours to the operatives. An investigation disclosed the fact that £12,000 per year was involved in time lost in providing the facilities for refreshments.

Consultations with and inspection of other organisations disclosed their methods were no better. The management decided to devise and organise a radical change in the whole methods of supplying refreshments. An entirely new approach to the problem was evolved and the management had to face the prospect of a capital expenditure of at least £1,400 even to test out its own idea for saving even a part of the £12,000 per annum. As there was no precedent for what was proposed, no case could be
made in advance for authority to spend the money on behalf of the supply Ministry concerned.

It was a typical case for the exercise of managerial responsibility and judgment in attempting the experiment. If the experiment failed, the company would have sunk capital which could only be recovered over a long period. If successful, the company would only be able to recover the capital over a period of years, meanwhile paying its bankers interest for the capital borrowed. If a saving was effected, the taxation authorities would be the sole financial beneficiaries because the company was already paying E.P.T. while the workpeople would enjoy an enormously superior service.

The company spent the £1,400 on the experiment, and it was an immediate and unqualified success, both from the point of view of service to the workpeople and the financial saving effected, and the service added substantially to the general efficiency of the factory.

The results are a satisfied and efficient body of workpeople, £12,000 a year extra taxation earned for the Treasury, a bank criticising the company for making a capital expenditure which is only recoverable over a long period of time, and an obligation by the company to pay interest on the loan. No incentive of any kind remains with the company to encourage their repeating a similar experiment—in fact the reverse, discouragement.

4. The effects of E.P.T. in producing Financial Anemia

EXAMPLE "D"

A sheet metal firm has, in the year 1940, made a profit of approximately £61,000. The 'standard profit' computed by the Inspector of Taxes (but still under discussion), is £2,157, i.e., with E.P.T. at 100 per cent. only approximately that sum will be retained by the company out of its profits. This balance will then be diminished by:

(a) Disallowed expenses and depreciation in excess of the taxation rates.
(b) Premiums under the War Damage Act.
(c) Income Tax.

In practice, no balance will remain: the whole of the profit of £61,000 has gone and there will be a deficit. In the past two years, the number of employees has increased from 160 to 600 (with corresponding expenditure on equipment) and the company's resources are exhausted.

5. The effect of E.P.T. in compelling Uneconomic Methods of Production

EXAMPLE "E"

The company mentioned in Example "D" desires to purchase certain plant, at the cost mentioned in column 1, it being estimated that the purchase of this plant would result in substantial savings in wages as set out in column 2:

- Estimated Annual Saving

<table>
<thead>
<tr>
<th>Plant</th>
<th>Cost in Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routing Machine</td>
<td>£450</td>
</tr>
<tr>
<td>Thiel Filing Machine</td>
<td>£200</td>
</tr>
<tr>
<td>Milling Machine</td>
<td>£675</td>
</tr>
</tbody>
</table>

The financial position of the company precludes the purchase of this essential plant and, as a result, labour is being wasted.

6. The Impossibility of Collecting E.P.T.

EXAMPLE "F"

The company mentioned in Example "D" has a tax provision of over £60,000 up to 31st December, 1940. The Directors are negotiating on the basis of payments of £500 each six weeks and even these nominal payments will reduce the financial resources of the company to such an extent that production may be affected. The payment of £60,000 is utterly and completely impossible.

Parliament

THE DESCENT OF HESS

American Viscose Company:

July 19.

Oral Answers (36 columns)

COAL INDUSTRY

Mr. Gordon Macdonald asked the Minister of Labour whether in view of the need for increased production of coal, he will give further consideration to the releasing of men from the Army for the coal industry?

Mr. Bevin: I am not prepared to recommend the release of men from the Army for this purpose, but I am taking other steps in conjunction with my hon. Friend the Secretary for Mines with the object of meeting the requirements of the industry.

Mr. Macdonald: In view of the fact that a number have been taken in the last few weeks whose training has not commenced, will my right hon. Friend consider releasing them, and will he give instructions that no further men are to be called-up from the mining industry?

Mr. Bevin: The numbers taken into the Army in the last few weeks must be very small, because the instruction to call up people was limited to young persons working on the surface only, and if they are employed below ground in their proper capacity, they are automatically reserved. I have taken steps to prevent any calling-up of underground miners, and also taken steps in conjunction with the Secretary of State for War, to stop recruiting from this industry, with one exception, that is, young men volunteering to become pilots in the Air Force.

AMERICAN VISCOSCE COMPANY

( hammered of shares)

Mr. Stokes asked the Chancellor of the Exchequer how the valuation of shares for the sale of the American Viscose Company to America was arrived at, and what was the urgency for continuing the sale, in view of the lease of bases to the United States of America and the decision of the Canadian Government with regard to gold payments?

Sir K. Wood: These shares were sold to the public by an American banking syndicate at the best price at which it appeared that they could be successfully placed on the market. The object of the sale was to add to our exchange resources, and I would remind my hon. Friend that our need of foreign exchange remains great, despite the far-reaching assistance given to us as regards new supplies by the United States under the Lease-Lend Act and by the helpful attitude of the Canadian Government.

Mr. Stokes: Is the right hon. Gentleman aware that the New York Times described the sale as detrimental to Britain? Does he propose to continue this policy of forced sales?

Mr. Stokes: Will the right hon. Gentleman look at what is said in other countries? It is commonly said that he is acting in the interests of Wall Street and no one else.

POST WAR RECONSTRUCTION (LOCAL GOVERNMENT).

Sir R. Gower asked the Minister without Portfolio whether he will take into consideration the general view that there is a strong case for a complete revision of local government boundaries after the war; and whether he will appoint an investigating committee?

Mr. Greenwood: I am aware that some reorganisation of local government areas and functions may be called for in connection with reconstruction plans. I have given some preliminary consideration to this question and I hope in due course to be able to make a further statement.

RUDOLF HESS

"Motion made, and Question proposed, "That this House do now adjourn."—[Mr. Whiteley.]

Mr. Silverman: [reviewed questions asked in the House about Rudolf Hess and the answers given, concluding that they were unsatisfactory in view of the astonishing circumstances of Hess's descent. In the course of his speech he said:—]

...I have contended—I regret to say with only a handful of support so far—for many months that the people who are most entitled to know what ultimate objects we have in view in this struggle are the people who are fighting the struggle and bearing the brunt of the conflict. If proposals are made to the Government, they are made to the Government only in order to be made known to the people, and nobody is better entitled to know the facts than the people of the country. The Prime Minister said that he would not at that time make a statement to the House, that he did not know when he would make a statement and that he did not know whether he ever would make a statement. But he added that he had told the Government of the United States. What has he told the Government of the United States? What is there that the Government of the United States is entitled to know about this matter that the people of this country are not entitled to know? I am not behind others in gratitude to the United States for the very necessary help they are rendering to us, and are proposing to continue to render, until this struggle is successfully ended. I am not saying for a single moment that there may not be very good grounds indeed for letting the United States' Government know the truth about this matter. What I am complaining of is that the people of this country, whose right to know is not less than Mr. Roosevelt's, are not told too...

Mr. Stokes: ...It seems to me to be wrong that a person occupying the position which Sir Patrick [Douglas, Lord Provost of Glasgow] does should be at liberty to trot round Scotland telling all the Scots what, apparently, we are not permitted to hear authentically from the Government in the House. I also take the Government to task on the issue raised by my hon. Friend the Member for Nelson and Colne, namely, the withholding of information to the American Government. I agree that the Americans are, to all intents and purposes, fighting the war with us, but we are doing the bleeding and dying, and how people have as much right—and more right—to know what this is all about as the great American Republic and its leaders across the water.

Mr. Henry Strauss (Norwich): Assuming for the moment that the German Government do not know what Herr Hess has said in this country, does the hon. Member think it very desirable that we should tell them? If we told the American Government and the American Government had gone on to tell the American people, then I should agree with what the hon. Member has said, that if we told the American Government as a friendly Government and it is to go no further, surely that is a very different thing from publishing the information and telling the German Government, who may be in ignorance of what Hess has said.

Mr. Stokes: I quite understand the point of view of my hon. Friend, or half friend, opposite, but I do not suggest for a moment that any statement should be made by our Government which would be of great assistance to the enemy. However, the suspicion which is getting into the minds of our people is that we have got to defer to the American Government on these subjects, and cannot decide these major matters for ourselves. No public pronouncement has yet been made in America, but, knowing America as I do, I do not think it will be very long before there is one, and I should not be in the least surprised to hear that there is a semi-authentic statement made there long before the House of Commons has received any information from the Government, having regard to the experience we have had of this Government during the last few months on such matters. But the charge which I want to lay at the door of the Government is that of terminological inexactitude, or whatever is the Prime Minister's term for these half-statements which are worse than direct untruths. In his statement on this subject on 22nd May, the Secretary of State for Air said:

"The Duke of Hamilton did not recognise the prisoner and had never met the Deputy-Führer."

I do not know whether we are really expected to believe that. From all that I have heard and been told about people who have flown and belonged to various flying clubs on the Continent, there is no doubt whatsoever that the Duke of Hamilton knew Hess well to speak to and certainly by sight. Why, then, put over a silly sort of untruth of this kind? I am making no imputation whatsoever against the Duke of Hamilton. Why should he not know Hess? He has travelled in Germany as a lot of us have done, and he had a right to get in touch with the leaders of that country and try to understand their point of view. My complaint is against the stupidity of the Government in putting out what I believe to be an inaccurate statement of this kind. Indeed, there may be further support for what I say...

...It appears so far as I have been able to understand, that on the arrival of this stranger he asked to see the Duke of Hamilton. It appears that the Duke was engaged as a serving officer in an aerodrome not very far away and that he went with the security officer of that aerodrome to see Hess, and, when he saw him he was asked to believe that he did not know it was Hess. Is it not true that the Duke of Hamilton was left alone with Hess for ½ hours, with the security officer of that aerodrome to see Hess, and, when he saw him we are asked to believe that he did not know it was Hess? Is it not true that the Duke of Hamilton was left alone with Hess for ½ hours, with the security officer of that aerodrome to see Hess, and, when he saw him we are asked to believe that he did not know it was Hess? Is it not true that the Duke of Hamilton was left alone with Hess for ½ hours, with the security officer of that aerodrome to see Hess, and, when he saw him we are asked to believe that he did not know it was Hess? Is it not true that the Duke of Hamilton was left alone with Hess for ½ hours, with the security officer of that aerodrome to see Hess, and, when he saw him we are asked to believe that he did not know it was Hess?
of the Minister of Information? Apparently he seems to have told Press correspondents that some time before a letter had been received by the Duke of Hamilton from Hess. It is not said what happened to the letter, but no doubt it was handed over to the appropriate authorities in the ordinary way. But that statement is completely contradictory of what the Secretary of State for Air said in this House on 22nd May. Finally, we have now the cheerful rumour that Hess is living at Chequers. Why has he gone to Chequers? I do not know whether it is true or not, but it is common talk. Why cannot we be told some element of truth instead of having these ridiculous contradictory statements?

Major Vyvyan Adams (Leeds, West): What is the authority for saying that that is the present residence of Hess?

Mr. Stokes: I am not going to give my authority. I know very well what my hon. and gallant Friend wants me to say. I know what happens to people who give information to Members of this House, when you reveal names... I think it is generally recognised now that Hess, for better or worse, brought some kind of peace proposal.

Mr. Ellis Smith (Stoke): It may be for worse.

Mr. Stokes: My hon. Friend is no doubt a much better soothsayer and visionary than myself, but I prefer to take the facts as I find them. I do not wish the Government to make any statement which is of use to the enemy, but I do say, if there was a statement or proposal of any kind, then the people of this country, who are bearing the heat of the battle, have a right to be told the truth and nothing but the truth, and that the methods in which the Government have so far indulged have brought nothing but discontent and suspicion.

Mr. Strauss: ...I say that, whatever Herr Hess says, it will remain a fact that there are the two possibilities, that he came with the knowledge of the German Government or that he came without their knowledge. If he came without their knowledge it would be a mistake of the first magnitude to enlighten them on what he has done or said here. If he came with their knowledge, it would be the greatest mistake to make it clear, either directly or indirectly, whether his desire to deceive us had succeeded. For those reasons I believe the Government have been entirely right not to make a statement, and I believe that the House, by an overwhelming majority in every quarter, is willing to leave the matter to the discretion of the Prime Minister.

The Under-Secretary of State for Foreign Affairs (Mr. Butler):... There is no mystery or confusion about Hess. Hess is a prisoner of war and is being treated as such.

...The speech of the Lord Provost has come to the attention of the Government... I will say quite simply that from the Government’s point of view he was not in any way authorised to make such a statement. It was made entirely upon his own authority and, I can only suppose, from his own surmise.

...The hon. Member for Ipswich (Mr. Stokes) raised various questions about whether the Duke of Hamilton had or had not seen Hess.

Mr. Stokes: Knew Hess, I said.

Mr. Butler: Whether the Duke of Hamilton knew Hess or whether correspondence had taken place before between Hess and the Duke. On that, I have nothing to add to the statement made by the Secretary of State for Air. That was an official expression of the view of the Government and was given to the House on the 22nd May.

...It is a reasonable request that the British public should share as far as possible the inner thoughts and knowledge of the Government, and there has been no desire either in those instances or any other for the Government to conceal from the British public anything which would alleviate its anxiety or do anything which would in any way make it more difficult for the public to stand up to the shocks and difficulties of the war. But in this case we do not believe that we have anything to say which would make for an improved effort by the public, and we do not believe that by not saying anything we in any way depress the morale of the public.

Mr. Sloan: ...Here we have an individual who flies from Germany to Scotland—of all places in the country. Why Scotland? [Interruption.] I hear someone say that it is a neutral area. In any case, he flies 800 miles. He was an experienced flyer, as the hon. Member for Maryhill said, who flew a considerable distance over Scottish waters and over Scottish land, over land where there were Scottish farmers, watchers, members of the Army and the Air Force and the Observer Corps, with all the necessary equipment, and landed within a few miles of his proposed object. We were told by a representative of the Air Ministry that from the very moment Hess baled out, a Spitfire was on his tail, but the Spitfire on his tail was Davy Maclean with his pitchfork. The common experience in Scotland is, discuss it with anybody you like, that, if Hess had been able to land and had not crashed his silly little ankle, he would have carried out his mission and would have returned to Germany without the people of Scotland knowing anything at all about it.

Sir Percy Hurd (Devizes): He could not have done so unless they had given him petrol.

Mr. Sloan: He would have got the petrol all right; there is plenty of petrol there... It is inconceivable that this perilous journey was undertaken without some motive behind it. We are told that the motive was that he was fleeing from his enemies inside Germany. That may be true; we cannot tell. But surely the people who have been interviewing Hess must know by this time. The stories that have been floating about and the things said in the country and Press, and on the wireless, have raised a tremendous amount of dubiety in the minds of the people of the country. Before this mystery deepens and becomes as silent as the grave, it is the Government’s duty to tell us at the earliest possible moment what is behind the arrival of Hess in this country.

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