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FOR POLITICAL AND ECONOMIC REALISM

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The Brief for the Prosecution*

By C. H. DOUGLAS

CHAPTER IX

BANKERS AND REDS AGREE

M. CLEMENCEAU, "the Tiger," is said to have remarked, "Some essential virtue has gone out of the British." That is possibly, but not certainly, true. "Britain," and the inhabitants of the British Isles, are by no means identical. It may be noticed that when the consequences of our strange peace-time policies bring about a major catastrophe, the shadowy influences which have produced it hand over the situation to some extent to the native-bred, whose efforts are still heroic, if unnecessarily costly.

At the outbreak of war in 1939 a paean of joy ran through the American Press, and the denizens of the various international Socialist and World Planning bodies, such as the Fabian Society, P.E.P., and the Royal Institute of International Affairs, were happy in the assumption that whoever lost the war, they had already won it. Orders-in-Council, restrictions, registrations, and bureaucrats (those belonging to the organisations just mentioned moving quietly into the second-best seats) appeared with the air of a stage army which had been kept waiting a little too long in the wings.

Mr. Anthony Eden, fresh from a revivifying trip to Washington announced that "it seems that our New Order must be built through war. But it will be built, just the same." The haste to declare our real war aims was perhaps almost indecent.

Although apparently anachronistic, the convenient time at which to consider the furious attack on Mr. Neville Chamberlain and his policy of "appeasement" is in connection with its apparent failure, and to provide it with the correct background it is necessary to survey a field not very obviously that of foreign policy.

The Chamberlain family, of sound British stock and stable middle-class history, rose to considerable but not outstanding wealth largely through their connection with the Birmingham firm of Guest, Keen & Nettlefold, the early manufacturers of the wood-screw known as "self-driving," i.e., not requiring a hole to be bored for it. Later, amongst other interests, they acquired control of the small joint-stock bank, the Birmingham & Midland, which, by amalgamation and expansion became the largest Joint Stock Bank in the world, the present Midland Bank. Even here their influence is probably more sentimental than financial.

Prior to 1914-1918 the Chairman of the Bank, Sir Edward Holden, was known to hold very "advanced" views on the actual nature of the business carried on by banks, and its bearing on national policy. The common idea that a bank is merely a custodian of its clients' money, which it re-lends at interest to safe borrowers, was not taken seriously by him, although it is incorrect to attribute to Sir Edward the enunciation of the explosive theorem that "Banks create the means of payment out of nothing" (*Encyclopaedia Britannica*) which was explicitly stated by H. D. Macleod in his *Theory and Practice of Banking*, at least twenty-five years earlier.

But the history of the Midland Bank during the Armistice years is marked by several features unique to it amongst the "Big Five" banks to whom the numerous smaller banks had in the main been affiliated. The first of these was the series of Annual Addresses by Sir Edward Holden's successor, Mr. Reginald McKenna, a politician rather than a banker, of which perhaps the most significant was that

containing the famous statement, "The amount of money in circulation varies only with the policy of the banks. . . . Every loan creates a deposit, and the repayment of a loan destroys a deposit. . . . The purchase of a security by a bank creates a deposit, the sale of a security. . . . destroys a deposit." It is unlikely that these Addresses were actually written by Mr. McKenna himself, and some grounds exist for the belief that he did not understand them, but there is little doubt that they were part of a considered and immensely important policy operating through the Bank as an organisation. The Bank "of England" was not amused. The Gold interests with Sir Henry Strakosch and the *Economist* were not amused. The Chosen Race were annoyed.

All the large banks expanded physically at the temporary cessation of hostilities, partly to absorb in real estate, and conceal by writing down, the fantastic profits they had made by War Finance. But the Midland took a highly individualistic line even in this. It opened branches bringing its total number up to approximately two thousand, but only in Great Britain and Northern Ireland. All the other banks expanded abroad also.

A decorous disapproval of Bank "of England" policy, and of Mr. Montagu Norman, was fairly evident, the "chequelet" incident to popularise small cheque payments being a case in point.

But the profits made by the banks were probably the least important aspect of their 1914-1918 activities. The immense production necessitated by the war had rendered it inevitable that manufacturing concerns must borrow on an unprecedented scale, and the influence of Sir Edward Holden's views on the methods adopted is beyond dispute. As a consequence all the banks, but particularly the Midland, had come into a control of industry far beyond anything previously existing, just as their creation of the means of payment out of nothing was unique in its magnificence. The situation which must have been clear to the Board of the Bank was precisely that which the big German D Banks, to which the "Big Five" English Joint Stock Banks had been brought to correspond, had achieved before the war under the direction of Ballin, Rathenau and others. Industries were merely departments of banking Government, controlled by debt. So far as the "Big Industry" was concerned, this control was practically complete. There remained the elimination of small business, which, as it transpired, was surprisingly difficult.

It is difficult to dissociate the position and influence of Neville Chamberlain from the importance and outlook of the Midland Bank. He had the tidy, narrow, bureaucratic mind of the dealer in figures, together with the imaginative deficiency of the English middle-class.

*This is the last of the contributions to the understanding of world politics written during the War of 1939-1945 by Major Douglas. [*Whose Service is Perfect Freedom* (1939-40), *This "American" Business* (1940), *The Big Idea* (1942), *The "Land for the (Chosen) People" Racket* (1943), and *Programme for the Third World War* (1943)].

Chapters of *The Brief for the Prosecution* appeared serially in *The Social Creditor* between May and September 1944. Full publication in book form was in 1945. The reprinting is continued of this incomparable commentary of the causes of war and the ultimate seat of responsibility for the threat to civilisation, so much more imminent now.

He was scrupulously honest, and his standard of political honour was far above that to which post-war British politics had fallen. He was a genuine patriot, and it is highly probable that he was so disgusted with the pseudo-democracy which was leading clearly to disaster, that he fell easily into the trap which opened invitingly before him.

The war had demonstrated that raw materials, and particularly nitrogenous chemicals were the key to victory. Reginald McKenna, who had succeeded Sir Edward Holden as Chairman of the Midland Bank on the latter's death, attempted to bring about a merger between British Dyestuffs and Nobel's Explosives. He failed, for some reason which does not transpire, the project re-appeared under the leadership of Sir Alfred Mond in an enlarged form, the Midland Bank appeared to become more orthodox, and Mr. McKenna became a Director of Imperial Chemical Industries; and Sir Harry McGowan (Lord McGowan) of I.C.I., and Lord Ashfield of the socialistic London Passenger Transport Board, and a Director of I.C.I., became Directors of the Midland Bank, a very bushy tail on an admittedly large "dog." This was in 1926, and subsequent events can only be understood in the light of these arrangements, in particular the interlocking of the Midland Bank with the largest American Bank, the Chase National.

It should be remembered that when in 1931 Neville Chamberlain displaced Philip (Viscount) Snowden, who regarded the Bank "of England" as the greatest moral force in the world, as Chancellor of the Exchequer, the country was bled white by the contractionist policies of the internationalists. Chamberlain at once set in motion the mechanism of credit expansion by abrogating the Gold Exchange Standard which made the grip of the Bank of England nearly absolute. Stanley Baldwin was Prime Minister and remained Prime Minister until May, 1937. A Napoleon, a Bismarck and a Pitt, all rolled in one could not have repaired the mischief of Baldwin's tragic fifteen years of power, in the two years of peace which remained. Had it not been for the quiet English gentleman who succeeded him, those two years would have been cut in half, and the *Luftwaffe* would have been over London without so much as two squadrons of effective fighter opposition from the R.A.F.

It is difficult to write patiently of the stream of abuse directed at the Munich policy. The scurrilous attacks of the American press are understandable. The collectivist New Deal was already a failure. The German-speaking Jew control in Washington was even stronger than in the time of President Wilson. No-one outside a few technical experts believed that the United States could be harmed even by a fully victorious Hitler, and a large body of commercial opinion was already mobilised around the slogan, "We can do business with Hitler." The prospect of another war in which America would keep out and again rise to fantastic prosperity on a war boom was too alluring to be relinquished. The situation is explained with engaging candour by Mr. A. D. H. Smith, in his biography of Colonel House, President Wilson's adviser: "It may not be to our credit, idealistically, but the fact is we used the European democracies and their Allies for our purposes; they did not use us, except incidentally. And if Mr. House were alive today [1943], he would say that is exactly what the United States has been doing since Britain (*sic*) and France declared war on Germany in 1939." (*Mr. House of Texas*, p. 172.)

But the spate of synthetic bilge regarding our unpreparedness which was poured out from domestic quarters which had done everything possible to encourage Germany and to hinder re-armament in this country is only explicable on the assumption that a well-known technique of the Communist Party was in operation—to accuse your opponents of what you have done, or intend to do, yourself. Not a single word of this abuse was directed to the Money Power, the Press or the B.B.C. It must be remembered that the internationalist policy was interlocked with such institutions as the League of Nations, the International Labour Office and the Bank of International Settlements, inaugurated with the assistance and blessing of Viscount Snowden. The same group of noisy Socialist

journalists, most of them deriving such ideas as they possessed from alien sources, who shouted "Down with the Men of Munich," had worked and talked against re-armament and extolled collective security, while demanding intervention in favour of Abyssinia and Communist Spain. Their assumption of the right to a moral attitude for which they were not prepared either to work or fight is perhaps the only palliation of Mr. Stanley Baldwin's foreign policy, or the lack of it.

But there can be no doubt that the internal economic system of Great Britain underwent a radical change for the worse in 1931—that, without the spectacular incidents which marked the inauguration of the "New Deal," a carefully prepared system of controls running parallel to it was imposed, specifically designed to accelerate monopoly. The complete story of the forces brought to bear will probably never be told; the formation of the great cartels and the financial control of British industry during the American boom in the interests of American investors were certainly preparatory; but in that year Britain, no longer great, adopted the beginnings of a new theory of life completely alien to her genius—the conception of the country as a single factory having many departments, the head office and control-room being the Bank "of England." The London School of Economics, endowed by the German-speaking Jew Sir Ernest Cassel, and largely staffed by Socialist aliens, "to train the bureaucracy" (much of it temporarily in "private" employ) "of the coming Socialist State," had come into its own. How much of the responsibility for Dunkirk rests on this hastily imposed bureaucracy will never be known.

It must be insisted that the tragic history of the Armistice years was neither adventitious nor inescapable. It is quite true that the number of individuals who are capable of estimating the consequences of an economic policy is not large. But the moulders of socialist-cartelist policy knew exactly where they were going, and they were going in the same direction in every country. The objective was a rigid, comprehensive military-industrial framework in which the individual would disappear except as a tool of high policy. It was the complete antithesis of everything the Englishman had built upon the foundation of Magna Charta and Habeas Corpus, and it led us straight to the beaches of Dunkirk and the arrest and imprisonment of nearly seventeen hundred persons without trial and without the formulation of a charge, under Regulation 18B.

The history of the last few years of peace will probably not be told, if at all, for many years. It is obvious that, even if the re-organisation policy to which Chamberlain had obviously committed himself had been intrinsically sound, which is highly debatable, it offered the perfect opportunity to hamper the re-armament. Re-armament was hampered; and it is certain that such success as was achieved was the result of cutting adrift to a considerable extent from the advisers who surrounded Baldwin, and that Chamberlain's unpopularity had far more to do with that than with any reasonable grounds for criticism, under circumstances for which he was not responsible, of the successful efforts which delayed the resumption of military war.

The bureaucratic state, however, demanded war for its final enthronement, and not only war, but a long war. It must be observed that the productivity of the modern power-tool system had brought out into strong relief the effect of the monopoly of money by the banks, and the abnormal consumption of war was needed to force back into the factories the balance of the populations not engaged in mutual destruction, so that "Plans" might be matured to keep them there. It is hoped that the memory of the ordinary citizen, doped with Hollywood films, monopoly broadcasting and defective education, will be short enough to permit the contradiction between the "poverty amidst plenty" of the 1930's and the "full employment" aspirations of the bureaucratic state in the immediate post-war years, to escape notice.

It is the fashion to ascribe political mistakes to ineptitude rather than to moral turpitude. To a considerable extent this is justifiable

in regard to the ordinary individual. For instance, nothing could be at once more tragic and more widespread than the idea that Socialism and "Planning" is the legitimate inheritor of political and economic liberalism.

But the history of the past twenty-five years renders it quite impossible to accept this view so far as the higher direction of events is concerned. There is evidence, conclusive both in volume and character, that the international-collectivist-financiers and their Trades Union allies not only knew that the economic and political crises of 1920-1936 were primarily monetary in origin, but they also recognised in such events as the election of the Social Credit Government of Alberta that the time was limited in which they must acquire a new form of control to replace that which had previously been exercised through the monopoly of credit. Only war could provide the conditions and the time. The writing was—and is—on the wall.

Alberta provides perhaps the most decisive evidence of conscious intention, by reason of the Disallowance of all the Legislative Assembly's measures to implement a system of adequate purchasing-power. The drastic and unusual course adopted does not seem capable of any explanation other than that the international money-power knew that they must be successful if tried, and dare not permit them to be tried. Even against continuous opposition from the Federal Government at Ottawa, and much disadvantageous and unfair discrimination, the Province of Alberta has been uniquely prosperous under an Administration actuated wherever possible by the general principles grouped under the term Social Credit.

The importance of this matter is greater than might perhaps appear at first sight. There are very few individuals outside the ranks of political vested interests who do not regard the trend of events with concern or apprehension. But the idea has been skilfully injected that we are merely witnessing an inevitable consequence of modern technology, and if, as someone has phrased it, you cannot take your telephone out however much you dislike it, we must resign ourselves to the loss of our "individual freedoms" in the interests of a "higher freedom."

If this were so, it would be unnecessary to cook the accounts, pervert the evidence and confuse the issues. The world (*i.e.*, the individuals in it) is *not* yearning for full employment by *centralised organisations*. On the contrary, a larger number of persons than ever before want *self-employment*. But they want purchasing-power.

It is *not* true that the larger an organisation is, the more "efficient" it is, even if the efficiency of organisations were the prime, sane, objective of life, which it is not.

The greater efficiency of large-scale production "finds scant support in any evidence that is now at hand." (*Final Report, Temporary National Economic Committee, U.S.A.*, Senate Document No. 21, 1940, p. 314.) "It should be noted, moreover, that monopoly is frequently the product of factors other than the lower costs of greater size . . . where they exist. . . . It is attained through collusive agreement and promoted by public policies." (*Ibid*, Monograph 21, 1940, p. 21.)

Since *financial* results are what is aimed at in business, it is obvious that the conditions of financing small and large business may, and frequently do, make more difference to the profit and loss account than low costs.

For instance, bulk buying may enable low prices to be paid for raw material, but this has no connection with the actual amount of labour put into the winning of the raw material. Bulk buying may be, and often is, actually and realistically inefficient; but the low unit price paid produces an illusion of low genuine cost.

Within limits, the whole aspect of a balance sheet can be altered by allocating to various accounts charges which in other conditions would swell the cost of production and expose waste. No commercial accountant would certify the accounts of the Post Office in the form in which they are submitted.

It may be objected that many of the facts to which reference has just been made have been elicited by "National" Committees, Royal Commissions, and similar bodies. This is true, but it will be

noticed by anyone who will take the trouble to read the literature of the Fabian Society or P.E.P. in the realm of industry, or the Royal Institute of International Affairs ("Chatham House") in Foreign Affairs, that such findings are never quoted, and the impression conveyed is always that of the inevitability, as well as desirability, of larger units.

A further and equally important indication of what can only be described as conscious turpitude is contained in the arguments adduced in relation to a "managed," as distinguished from an "automatic" money system. The old, orthodox Gold Coinage Standard money system, in which a bank was compelled to pay call deposits in gold if required, pretended to be, although it was not, an "automatic" system. It was contended that politics could not enter into it. Price levels and the "balance of trade" automatically produced certain movements of gold, which acted in the manner of a steam-engine governor and kept trade upon a prescribed rate of revolution. It was not true, and if it had been it would still have been a bad system, since the quantity of gold in existence neither varied in any ratio to the possibilities of production nor the necessities of consumption.

But there were two assumptions in the theory as presented to the general public. The first was that it was in the nature of the universe that money should govern production and consumption. The amazing skill with which this idea was inculcated, so that the statement that "The nation cannot afford it, there is no money for it," was accepted as reasonable, should be remembered in connection with many "axioms" presented for our consumption.

But the second, that the money is and should be, non-political, was an outstanding instance of the tribute which vice pays to virtue. It will be necessary to treat this principle with some attention at a later stage of the argument. It is sufficient for the moment to indicate that it is entirely and openly abandoned, not only in the "managed money" system in operation since 1931 in Great Britain, but in practically all the proposals for monetary reform other than those associated with Social Credit. And "managed money" is simply Planning from the top—*i.e.*, the Bank "of England."

CHAPTER X

THE EVIDENCES OF CONSCIOUS INTENTION

Howso great their clamour, whatso'er their claim,
Suffer not the old King under any name!

Long-forgotten bondage, dwarfing heart and brain—
All our fathers died to loose he shall bind again.

Here is naught at venture, random or untrue—
Swings the wheel full-circle, brims the cup anew.

RUDYARD KIPLING, "The Old Issue."

ALFRED MORITZ MOND, 1st Baron Melchett, died in 1930, his attempt to remove industrial policy from criticism of parliament and the general public having for the time being failed. Towards the end of his life he was much concerned with the New York group of Zionist Jews who controlled the Palestine Economic Corporation and were the force behind the "New Deal."

In 1931 two closely connected events coincided with a reorganisation of the Government and the final disappearance of Mr. Ramsay MacDonald and Philip (Viscount) Snowden from politics. The first was the setting up of the New Fabian Research Bureau, with Mr. Attlee, now (1944) Deputy Prime Minister, as Chairman, and the second was the private circulation of *Freedom and Planning* by the organisation known as P.E.P. of which the moving spirit was Mr. Israel Sieff, a Russian-speaking Jew.

For an admirable little analysis of the origins and activities of the Fabian Society and its offshoot, P.E.P., the reader should consult *The Planners and Bureaucracy* by E. Edwards (K.R.P. Publications, Ltd., 1943).

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Language

THE FOLLOWING SHORT ITEM FROM OUR ISSUE FOR MAY 16, 1953 IS WELL WORTH REPEATING:

We have pointed out before the importance of resistance to the campaign, long conducted, for so degrading language that it becomes a tool which is useless for any honest purpose and valuable only as a means of spreading confusion and deceit. Therefore we welcome the following from an article, "Satirist in the Modern World" in *The Times Literary supplement*:—

"Confucius was once asked what he would do first if it were left to him to administer a country. The Master said (in Professor Waley's scholarly translation of the *Analects*): 'It would certainly be to correct language.' His listeners were surprised. 'Surely,' they said, this has nothing to do with the matter. Why should language be corrected? The Master's answer (more freely translated) was: 'If language is not correct, then what is said is not what is meant; if what is said is not what is meant, then what ought to be done remains undone; if this remains undone, morals and arts will deteriorate; if morals and arts deteriorate, justice will go astray, if justice goes astray the people will stand about in helpless confusion. Hence there must be no arbitrariness in what is said. This matters above everything.'"

The World Plot

It is a curious fact that the decreasing number of people who pour scorn on "World Plot" explanations of the present state of the world (not of one country only) do not appear to recognise the implications of their opinion. If they were right, the present discontents are inherent; we can do nothing more about them than we can do about the normal equipment of mankind with two legs and two arms. But if the "Plot" theory is correct then we can deal with it, great though the difficulties may be. Either all men are alike, as the Socialists would have us believe; or some are turned to the Light, and some love the Dark. That is the awful interpretation of the Judgement.

— A note by C. H. Douglas (1947).

Agent Provocateur

The Washington, U.S.A., newspaper *The Spotlight* has published a translation in its Aug. 13th edition, of an interview given by American born Rabbi Meir Kahane to the French magazine *Le Vif*. Kahane is founder of the Jewish Defence League in the U.S.A. He holds dual U.S.A. and Israeli citizenship and is sole representative of the Kach Party in the

Israel Knesset. His vociferous demands for the complete expulsion of Arabs from Israel have been widely reported in the daily press. *The Spotlight* claims that Rabbi Kahane is one of the world's most feared terrorist leaders. A report from United Press International/Reuters (there is that name again) states that violence occurred between 20,000 residents of the largest Arab village in Israel and a contingent of Rabbi Kahane's armed supporters, after Rabbi Kahane announced he would order the residents to leave Israel. He said, "Tomorrow they will begin their exodus from the land of Israel." Meanwhile an un-named U.S. Federal Security officer is reported in *The Spotlight* as saying that, "Israel is governed by terrorists - turned-politicians — by men who learned to make a bomb before they knew how to make a speech."

Rabbi Kahane is reported when interviewed as saying: "What makes us [Jews] different from other people is the Torah. . . . God has given us the Torah and has chosen us as His chosen people Zionism and democracy do not go together. Zionism contradicts democracy. Zionism gives Jews all the rights, it gives none to non-Jews I want to expel all Arabs from the country if they still want to live in Israel they must accept two conditions: pay taxes and live in slavery." As chattel slaves could not pay even the smallest tax, the Rabbi apparently has in mind a tax rate that would reduce the Arabs to slaves of the Israelis without actually calling it slavery. A statement that is unlikely to go un-noticed among supporters of Islam no matter where they live.

Meanwhile, Mr. Leon Wreselter, a senior editor of *New Republic* is quoted in the May 20th edition of *The Australian Jewish News*, when responding to questions put to him by the Institute of Jewish Affairs, London, as saying: "The Jews are Jews before they are anybody else. They have *their own right* to live in Israel." (My emphasis.)

It is reported that Rabbi Kahane's Jewish Defence League works in close association with Israel's secret service, Mossad. In the issue of *The Spotlight* referred to above, U.S. officials are reported to be concerned at the Reagan administration's proposal to co-ordinate the work of U.S. agencies and the Mossad. A new programme, code named "Operation Carta Blanca", designed to arrange joint action in the U.S.A. by these two organisations against Israel's real or suspected opponents, as selected by the Mossad, is quoted as the reason for this concern.

Le Vif also reports Rabbi Kahane as saying: "The Jewish Defence League preaches violence and also proves it is in accordance with the Halakah." Also: ". . . my boys, and they are up to 4,000 today, are doing some very good work." *The Spotlight* cites several instances in which the bully boy tactics have been employed.

Finally, Rabbi Kahane leaves us to ponder on these remarks: "As long as the man in the street has his pockets and belly full he will hate the Jews in silence . . . [but] when the economic crisis will have reached its peak . . . a holocaust is a real possibility I pray for the day when there will be governments in Europe who will kick the Jews out. It will be beneficial as much for them as for us." He had previously urged all Jews in the U.S.A. to flee that country while they still had time and the means to do so. They don't realise they live in a ghetto." It is a golden ghetto but, it is still a ghetto."

— E.L.W.

The Social Teaching of Marx

Under this heading the following letter, to the Editor, was published in *The Daily Telegraph*, London, September 13, 1984:

Sir — Mr. John O'Sullivan's article on liberation theology and Marxism is timely (Sept. 10) but it leaves one wondering how many of those who think that they can be both a Marxist and a Christian know what Karl Marx actually taught.

When one goes back to the Communist Manifesto one finds that his social teaching is unambiguous:

It contains the abolition of private property; the abolition of the family; the abolition of countries and nationalities; the abolition of "all religion, all morality" and "religious liberty and freedom of conscience."

It says: "In short, the Communists everywhere support every revolutionary movement against the existing social and political order of things."

The last objective was further expounded by Joseph Stalin in 1942, in "Marxism and the National Question." He defined the immediate goals of Communism, necessary for the final takeover of the world, as:

Confuse, disorganise and destroy the forces of capitalism [*] around the world.

Bring together all nations into a single world system of economy. Force the advanced countries to pour prolonged financial aid into the under-developed countries.

Divide the world into regional groups as a transition stage to total world government.

He said that later the regional groups can be brought all the way into a World Dictatorship, that is described by the Communist International as the "World Union of Socialist Soviet Republics."

Superficially these latter intermediate objectives sound more plausible, but basically they are alternative ways of describing the same objectives.

However, they seem to have deceived not only members of almost all Churches, but also members of almost all political parties.

I wonder how many of the exponents of multi-racialism, say, or of European Union, realise that those policies are inextricably bound up with the eradication of "all religion, all morality"?

KITTY LITTLE
Oxford

[*] Not MONOPOLY capitalism — Ed. T.S.C.

The Brief for the Prosecution

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The nature of the former is well exemplified in a pamphlet, *The City Today*, published jointly by the Bureau and the Jewish-Socialist, Victor Gollancz, over the pseudonym of "Citizen," which reads as though it were written by an international banker concerned to idealise the Money Trust.

The public activities of P.E.P. emerged in 1933. In 1938, *Planning*, the publication dealing with such of its activities as it was desired that the public should apprehend, declared "Only in war, or under threat of war, will a British Government embark on large scale planning." This is a key statement, and it requires careful examination.

It is frequently observed, by those who have given only superficial attention to the matter, that it is perverse to object to planning. Much play is made with "the necessity of regarding the problem

as a whole." The implication is that the planning to which reference is made is the alternative to what is commonly called "muddling through." The fact that practically every article we use, from a teaspoon to a motor-car, is the result of skilled, intensive planning is apt to escape notice, yet we do not plan teaspoons and motor-cars "as a whole."

The planning which results in a teaspoon or a motor-car, however, is the outcome of a desire to produce a teaspoon or a motor-car of a particular pattern, and in a free economy the pattern is conceived in the hope that it will appeal to the individual, and will be bought in competition with alternative patterns. But the planning of the Fabian Society and its colleague P.E.P. is and must be precisely the opposite. *It is the planning of whole peoples on the model of Germany by a totalitarian State which is designed as a whole to be the best instrument of war, the national objective of Germany. The teaspoon and the motor-car alike have to fit into this conception. Comprehensive planning requires one single objective which never varies and to which the individual is subordinate; and comprehensive planning is only justifiable on the assumption that military war is merely one aspect of continuous war. To repeat the dictum of Clausewitz, "War is the pursuit of policy by other means." Whose policy, and to where it leads, is undisclosed.*

Once this conception is grasped, it is not difficult to realise that "only in war or threat of war" could the social and political economy of Great Britain, the great barrier to World Dominion, be remodelled in the hierarchical pattern of the German Army.

That there is no contradiction between *practical* Socialism (Planning) and extreme militarism, was fully recognised in Germany fifty years ago. In 1892 August Bebel, a leading Social Democrat (Socialist) told Bismarck that "the Imperial Chancellor can rest assured that German Social Democracy is a sort of preparatory school for militarism." It could not be anything else and remain socialism.

It is at this point that the fundamental and irreconcilable antagonism between the German and the British, the socialist and the liberal (without a capital) conception of life becomes plain. It is not that the Briton is incapable of understanding, and, unless bedevilled by alien propaganda, appreciating, the necessity of rank and consequent discipline. His point of view has been put once for all by the poet of Scotland, Robert Burns, "The rank is but the guinea stamp, a man's a man, for a' that." The German outlook was put with even greater brevity by the Kaiser—"cannon-fodder."

The matter may be phrased somewhat differently, and in a manner more closely applicable to the present situation, by saying that the German, or socialist *proximate* objective is government by administration, whereas the English conception is government of administration. The first is the unbridled rule of the expert: the second is the subjection of the expert to the criticism and restraint of human need and desire.

It is a remarkable tribute to the sound instincts of the English that they have always distrusted experts in politics. If the average man, assuming that there is such a person, were to be told that this distrust is probably the root cause of their survival, and that it took the form of scepticism in regard to the Encyclopaedists who were responsible for the French Revolution, he would probably repudiate any understanding of the subject. But if the average craftsman, small trader, or farmer were asked why he voted for a Conservative, he would be quite likely to reply, "These socialists are too clever. I don't trust 'em." Some instinct warns him that sympathy for the under-dog is one thing; an under-dog Party in the House of Lords, a School of Economics identifying the Gold Standard and international cartels with Under-Dog Economics and providing its picked graduates with desirable positions in the Bank "of England," and Somerset House, is quite another.

Where the unreasoning instinct of the Englishman (and in this the Scot and the Welshman are not so obviously included) has been so remarkable is that it has led him to a decision on a matter in regard to which reason would require an array of fact inaccessible to the great majority. Without argument, he accepts the bureau-

cratised state as largely inevitable in war; without argument, he indicates that it is unpleasant in war and intolerable in peace.

But it is doubtful to what extent it is generally realised that retreat from the centralised, Socialist State is much more difficult than progress towards it. Vested interests in bureaucracy are not alone the cause. The situation has been put with accuracy by Professor Brutzkus, from 1907 to 1922 occupant of the Chair of Agricultural Economics at St. Petersburg, who remarks: "it should not be forgotten that the communist state, with all resources at its free disposal and resting on an absolute dictatorship, is the most powerful in the world; while the subjects of such a state are the most impotent of all peoples." (*Economic Planning in Soviet Russia*, p. 136.)

The foregoing paragraph, and indeed the whole of the book from which it is taken, will repay careful study, since it contains either implicitly or explicitly indications of the tremendous problem with which the world is faced in the bureaucratised or "planning" State. Professor Brutzkus, who had unrivalled opportunities of observing the transition from Czarist to Communist Russia, and was highly critical of the former, concludes: "Russian experience bears out in the clearest manner our basic conclusion—namely, that the principle of socialism is not creative; that it leads the economic life not to fruition, but to ruin."

But it hardly requires insistence that such arguments as the many adduced from various sources on the unsatisfactory condition of Russia and Germany, both examples of the planned bureaucratic Socialist State, have little or no bearing on the likelihood of a change in the system. Its very defects strengthen the *System*. Can anyone seriously suggest that Hitler or Stalin, together with the Great German General Staff and the Moscow Communist Bureaucracy, will resign voluntarily? And if they will not resign voluntarily, "the most impotent of all peoples" are not exactly in the best strategic position to *force* a resignation. The Gestapo and the Ogpu can deal competently with anything of that nature.

There is no essential difference between the higher officials of a Trust, Cartel, or Trades Union, once they are free of Parliamentary control, and a Russian Commissar or an "Office General" of the Great German General Staff. None of them is creative; all of them are primarily concerned with their own positions and the perpetuation of the system which maintains them in positions of maximum power and minimum responsibility. And not one of them can pursue an independent policy. The policy is that of the type of organisation to which they belong—it is the organisation which makes the man, not the man the organisation.

Sir Alfred Mond's plan was one way of ending Parliamentary control of the bureaucrat; failing, resort was had to the New Despotism, "P.E.P."

Once again, there is a tendency to assume that we are witnessing an automatic, and to that extent, inevitable development. So far from this being true, it is possible to indicate exactly where, and by what steps the present situation has been reached, and in so doing, to place the conscious nature of the policy beyond dispute. One clue can be found in the nature, transformation, and mechanism of taxation.

The fundamental idea of taxation can be discerned in the maxim "*inter arma silent leges*." Taxation was originally a war measure; it was not law, it was not legal. It was simply a recognition of the fact that when the house is burning down, the mill race may have to be tapped to put the fire out. The income tax, introduced by Sir Robert Peel, was a temporary tax to replace the revenue lost by the abolition of import taxes on various articles and like Peel's Bank Charter Act, Police Legislation, and general policy, can be seen to have been a portion of a definite plan to familiarise permanent taxation, of which it is most improbable that his was the creative brain. During the whole of the nineteenth century we can see the conception of taxation as being a device to finance specific ends, changing into something entirely different—a political weapon, in the main aimed at agriculture but in general intended to make Finance the Supreme Government. The core of the plan was the National Debt and the Balanced Budget working in conjunction

with the Bank of England. In order to avoid repetition, the reader who is not familiar with the technique of Government Finance may be referred to *The Monopoly of Credit*, Chap. V, for further detail.

Knowledge of finance was confined to a select few, and the general public was gradually trained to believe that in some unexplained way, life was becoming much more expensive. In actual fact, the general population was receiving a decreasing share of wealth produced. It never seems to have been generally observed that the "social services," which were often given as a reason for higher taxation, were almost wholly due to the inability of the individual to get by purchase what was physically obtainable, since public bodies did in fact obtain it, paying by loans which further increased taxation. The individual was not to be allowed to spend his own money. It seems so obvious to anyone who is completely ignorant of the subject that the poor are poor because the rich were rich, that no decent minded person could object to make the rich poor by taxation even if in some curious way the general body of the well-to-do became poor without the poor becoming perceptibly more well-to-do.

It has been proved repeatedly, by the most orthodox economists, that the distribution of surplus money income over the bare subsistence level would be quite inadequate to raise the general standard of living to any tolerable stage, and would kill any but elementary industries. Over twenty years ago, Dr. Bowley stated that the confiscation of all incomes over £160 would only provide £25 per family if the sum confiscated were completely and evenly distributed. It is being proved at this time, when we are spending £14,000,000 *per day* that the confiscation of the *money-wealth* of the well-to-do would not take us very far, since on Dr. Bowley's figures, when there were well-to-do, they, collectively, had only about two-thirds of a million a day to spend.

The detail of this question is intricate and far-reaching, but the main dominant fact is simple. It is that there is under existing financial methods no relation between wealth and money, and that taxation, which is always in *money*, is levied on price values which do not in themselves add one penny to the amount of *money* in existence. A landowner may have property, the *price value* of which is £100,000, but to pay his taxes he must get *money* from somewhere. And the money is created, not by the ownership or the cultivation of land or even by the sale of it, except to a bank, but by the banks—"out of nothing" as the *Encyclopaedia Britannica* puts it.

Had this been widely understood, the fantastic taxation of the past thirty years in particular, beginning with Mr. Lloyd George's Budget of 1910, would never have been tolerated. It was not widely understood, *but it was thoroughly understood both by the international forces which brought Mr. George to power, and by the German High Command* which realised that the landed proprietor was the backbone of the fighting strength of Great Britain, and that his elimination would leave the "internationalist" in a commanding position. *The German landowner is almost completely untaxed.*

An understanding of this matter is essential to even an elementary insight into the politics of at least the past two hundred and fifty years. The fact that *money* has been kept in short supply has deluded the vast majority into believing that *wealth* was in short supply. By keeping (no matter what the improvement of process and the increase of production) the less fortunate, short of *money*, a discontented body of the population could be, and has been, kept available for agitation against every type of property except the credit or money-creating mechanism. Skilfully financed propaganda against property itself as a "private" conception has provided votes to transfer it to institutions governed from the shadows, or has so depreciated market values as to amount to virtual confiscation, without in any case detaching the conception of ownership by *somebody or something*, from it.

Out of this has grown a feature new in British life—the idea that uninstructed criticism of one's neighbour's business is normal and proper, and can reasonably be extended to any infringement of his "privileges" which does not involve interference by the police.

The policy of "full employment" is perhaps the next evidence of conscious intention.

CHAPTER XI

"CONTROL OF HUMAN PURPOSE"

SPEAKING in the Canadian House of Commons on February 2, 1944, Mr. W. F. Kuhl, M.P. (Social Credit, Jasper-Edson) quoted from the Speech from the Throne as follows:—

"Such a national minimum (of social security) contemplates useful employment for all who are willing to work." The curious resemblance to a P.E.P. manifesto is noteworthy.

Commenting on this paragraph, and others to the same effect, all of which are similar (even in literary style) to official statements of policy appearing simultaneously in every Dominion of the British Empire, as well as in Great Britain itself, Mr. Kuhl said:

"I have yet to hear any individual, either on the Government side or on the opposition benches, indicate what he means by full employment. . . . Why do we have an economic system? Judging from most of the speeches I hear both in and out of the House, the complete purpose of an economic system is to keep people at work. . . . I wish to dissent completely from that point of view. . . . I assert that the purpose of an economic system never was, is not, and never will be that of providing jobs . . . the only sound, sane, sensible, logical and legitimate purpose of an economic system is to provide the maximum amount of goods and services with the minimum of work and trouble . . . it is not 'work' that anyone objects to, much; it is being compelled to work either by Government or nature. . . . When a Government, whether it be this Government or any other, seeks to compel the people of the nation to work, whether it be on public works or work of any other kind, then that Government is imposing a condition of slavery upon the people. The Work State is nothing less than a slave state.

"I wish to say with respect to private enterprise that I do not consider it the duty or obligation of private enterprise anywhere to provide jobs . . . there is a lot of criticism being made of private enterprise to-day. The only thing I can see wrong in private enterprise is the abuse of it . . . when the socialists contend that the way to deal with the abuses of the private enterprise system is for the nation to take it over, that is equivalent to saying that we ought to abolish freedom lest it be abused." Mr. Kuhl then demonstrated that the agency through which the private enterprise system was perverted was the financial system, whose defects would remain unaltered by the abolition of private enterprise, and could be rectified without nationalisation.

While to the minority who have avoided the political economy of the London School of Economics in devoting serious attention to the problems which it obscures, there is nothing in Mr. Kuhl's speech to arouse comment beyond its clarity, it is probable that to the general body of the public such sentiments would appear at the best eccentric, and at the worst subversive. The idea that a leisured class is decadent, and therefore, *a fortiori*, a leisured nation is a nation lost, has been so carefully injected into common consciousness, that evidence to the contrary is powerless to inspire reconsideration of the patent fallacy. It is not so much that an inner ring of clear-sighted and immensely powerful men realise that "employment at a fair wage" is the key to the universal serfdom which they are determined to impose on the world, which is dangerous; it is that large numbers, perhaps the majority of the electorate, are nearly incapable of conceiving of a better condition in life. There is not

a newspaper of large circulation, no matter what its alleged politics, which does not stress "the necessity for full employment" while at the same time either openly or covertly hinting that bare work-house maintenance, if that, will be allowed to objectors.

The point is one of major importance. It is not work, or even the proceeds of work with which the planners of the Servile State are concerned. It is that everyone shall work *under direction*. The conception is identical with that of the Great German General Staff.

As it has been suggested earlier in these pages, there are sound technical reasons for regarding the large monopolistic structure of industry, with its universal wage and salary system, as being economically defective, and it is therefore all the more significant that, with a technique which, as such, must exact admiration, the whole body of controlled propaganda contrives to ignore the elementary dilemma in which the planners are placed. Either the factory-world and the mechanised farm are effective in producing an immeasurably higher standard of living under more pleasurable conditions, with much less labour, or they are not. If they are, why more employment? If not, why pursue the policy?

When the Archbishop of Canterbury, Dr. Temple, said "We need supremely the control of human purpose" he merely voiced, doubtless without realising it, the views of the world dominator everywhere. The only distinction which can be legitimately drawn in Power Politics, of which the Archbishop's phrase is a synopsis, is the relative degree of progress to the goal of domination, and in this the Great German General Staff represents the summit of achievement up to the present. To what extent the United States of America is briefed, under the same essential direction, to assume the major role is not so apparent as it was some time ago. There is nothing like the same homogeneity either of race or sentiment as in the case of Germany.

But in any case, the important point is that the object of Power Politics is Power. It is sheer delusion to suppose that men ultimately mould an organisation. The exact contrary is the case. The *effective* man is moulded by his pursuits, and the only result of a dichotomy between a kindly, tolerant, individuality, and a power social and economic system is nervous instability; a fact of which the Germans are both aware and resentful. The well-known remark, "We Germans will never be gentlemen, and you British will always be fools" was, in the sense in which it was intended, a scientific statement of fact.

But it must be conceded that we have been brought to a difficult situation. The wage system could have been quite a good form of organisation if it had not been perverted in two major directions. The first, and for some time the lesser evil of it was that a man became an employer of labour by accumulating "savings," mis-called capital, with which to finance a new production venture, and the "savings" system was and is an economic fallacy resulting in restricted distribution. But a far more serious evil developed with the removal of the guild control of wage rates, accompanied by the systematic debasement of the unit of currency by the financiers. This was the inability of the wage-earner to contract out of a starvation wage. It is this inability to contract out, which has enabled the plotters to staff the police forces, reaching their apex in the Russian OGPU and the German Gestapo. It is by police power that the serfdom of the world, the Socialist State of Sir Ernest Cassel, Sir William Beveridge and the other surprising allies of the submerged tenth, is to be maintained. Everything will bear a facade of legality. It is interesting to notice the resemblance, amounting almost to identity, between the methods of expropriation employed in Great Britain since 1931, under the direction of P.E.P. and those employed by Hitler. In his revealing book, *The Germans and the Jews*, the Jewish writer, F. R. Bienenfeld, remarks "The tactics which Germany has adopted towards the Jews are no longer those of the mediaeval pogroms. . . . First it is made clear to the German people that the Jew is the attacker and that the peace-loving German Government

is only defending itself. Whereupon, no illegal spoliation takes place, but the law, justice itself, organises robbery. . . . The property of the Jew is not confiscated, but under threat of imprisonment he is made to sign an agreement by which he sells it voluntarily for one-hundredth part of its value. . . . the fact that the property is sold on the same day to an Aryan at its full value and that the Aryan has to pay two-thirds of its full value to the German State is given a legal justification." (Foreword, p. xi.)

That is an almost exact description in essence of the methods employed in the last twelve years to expropriate the ordinary British property owner, and is almost word for word the proposal of Lord Hinchingbrooke and his so-called "Progressive Conservatives."

CHAPTER XIII

UNDER COVER OF WAR

ON the declaration of war in September, 1939, and more especially, on the entry of the Labour Party into the Government in May, 1940, it was clear that the carefully prepared Socialist State for Great Britain was about to be inaugurated. The ordinary law was abrogated; by Regulation 18B the mere opinion of the Home Secretary was sufficient to procure the arrest and indefinite incarceration of a British subject, a power which was almost exclusively exercised against the political opponents of the Labour Party and its shadowy allies. A savage attack on private property and privacy itself was inaugurated by the evacuation and billeting regulations whose horrors were only equalled by their complete collapse—a collapse which did not occur without many terrible and completely unnecessary tragedies. It is safe to say that the ordinary citizen, during 1940 and 1941, came to dislike his own Government only less than that of Hitler.

It would be absurd to deny that the immanence of modern three dimensional, mechanised warfare renders drastic inroads upon civilian comfort inevitable. But the legislation which was imposed upon the country under the threat of war was precisely that referred to in the P.E.P. statement that no British Government would accept it under conditions less compelling. Perhaps, amongst many, the provisions of the Agriculture (Miscellaneous War Provisions) Act, 1940, form an example of the combination of measures clearly justified by a state of war, and measures intended to alienate property rights, and powerless to assist in a victorious outcome of the conflict.

To understand the situation it must be realised that both land owning and agriculture had been penalised in every possible way in the armistice years, both to enable payment for overseas investment to be made and to destroy the political power of agriculture. Thoroughly experienced and capable farmers stated openly that high production was ruinous. Tenant farmers, unless rigidly supervised, had "farmed out" their land and then sold out, leaving the soil exhausted and nearly useless without fallowing. In addition, the substitution of artificial fertilisers for humus had brought in its train a state of organic unbalance.

The submarine blockade made it obvious and vital that this situation should be rectified as soon and as far as possible, and the War Agricultural Committees which were set up were given the powers of a totalitarian state. The mere statement by an Executive Committee was sufficient to expropriate either a landlord or a tenant on the ground that land was not "at that time" being cultivated in accordance with the rules of good husbandry. That is to say, a condition which had been largely induced by Government policy in peace time, if it existed in the opinion of a body obviously required to justify itself by action, was a ground for expropriation under conditions which made, for the first time for many years, high cultivation profitable.

Assuming without examination that better results were obtained by this process, the inequity of it was explained by paramount necessity, although clearly providing grounds for generous compensation.

But paramount necessity cannot be invoked in respect of Part IV of this Act, which provides, *inter alia*, that "The Minister . . . may, after and notwithstanding the expiry of the said Act, continue in possession of the said land, either by himself . . . or by any person with whom a contract has been made under the following provisions of this section, for any period not exceeding three years from the end of the war period." That is to say, although no law may exist to justify possession, possession may be retained or delegated until it becomes unprofitable again, and this possession is dependent on something notoriously difficult to define, "the war period."

But the injustice goes much further. "The Minister" may spend indefinite sums of money for his own purposes, and when the land is given back, the owner, who has not been consulted, and whose opportunity to benefit by the expenditure has passed, is called upon to repay these sums. And for this purpose "The Minister" is placed by statute in the position of a mortgagee, so that he advances money to himself as tenant without effective check, on the security and credit not of the tenant but of the owner who cannot control him. Clearly, that is not a war measure—it is a political manoeuvre of a far-reaching nature, involving a complete body of powers expressly repugnant to English Common Law, as well as equity.

That the policy pursued is not a war-time necessity, but is an instance of the use of a public emergency to abrogate the principles of the Constitution in the knowledge that Parliamentary powers could not be obtained for the measures desired, is proved by the use made of "delegated legislation," against which so masterly a protest was made by the Lord Chief Justice of England, Lord Hewart, in his book *The New Despotism*, published some years before the declaration of war in 1939. The technique, described by Lord Hewart as "administrative lawlessness," is to pass an Enabling Bill so widely drawn that it will include practically anything, while at the same time giving no information to the Parliamentary representatives of the people affected; and subsequently, to issue Orders in Council, having the effect of law, which are not debated in Parliament; *i.e.*, the anonymous civil servant in the background, who is immune from responsibility, becomes at once the lawmaker, the judge, and the executioner.

More than two thousand of these Orders in Council were issued in the first three years from the resumption of hostilities. Many of them created new crimes with ferocious penalties, many of them were contradictory and quite a large number were unintelligible.

The body of legislation proposed or enacted under the general cliché of "social security" is even more obviously inspired by revolutionary rather than military activities. The much advertised Beveridge Plan, to which is ancillary the proposal to nationalise the medical profession so that the medical certificate can be "controlled," is a lineal descendant of Bismarckian Germany.

The comment on the evolution of German mentality under Bismarck, "He instituted for the working classes a model system of social insurance, but at the same time deprived them of . . . all right to liberal or revolutionary opinions or activities." (*The Germans and the Jews*, p. 196), is directly applicable to the Beveridge Plan, an instance of the use of socialistic doctrines to entrap the dupes of it into an irretrievable position. That this criticism is not unduly harsh, may be verified by anyone who will take the trouble to observe the omissions in the abridged explanation of the Plan officially issued, or who listened to the broadcast recommendations of it as a novel and notable advance in civilised organisation.

It is perhaps unnecessary to recall that Sir William Beveridge was from 1919-1937—the dates are significant—Director of the London School of Economics, the institution endowed by Sir Ernest Cassel, the German Jew, "to train the bureaucracy of the future Socialist State," and a member of the Royal Commission on Coal to which reference has been made.

(To be continued)