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FOR POLITICAL AND ECONOMIC REALISM

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THE BIG IDEA (XV)

By C. H. DOUGLAS.

The idea of a political majority is clearly part of the ideology of war, and closely associated with the "Führerprinzip"—the conception of society as an army progressing under the orders of a General. "God is on the side of the Big Battalions." How much, if any, reality, is there in this proposition?

Now the first point to observe is that it finds no support in history. If the outcome of the present Bedlam should result in victory for size, and the rule of the world pass to mere populations, whether German, Russian, or American, it will be something entirely new.

Greece, Rome, Venice, Spain, Holland, England, all of them small, have all, in their turn, set the fashion in civilisation, and, in every case, their eminence has not only been in the midst of far greater, and in many cases, opposing populations, but has, for the most part, been most clearly marked at a period when the disparity in numbers was greatest.

Admittedly, this day of splendour has been to a much greater extent than is commonly realised, a monetary phenomenon. But to say that, is completely to miss the most important lesson which can be deduced from history. That lesson is that the increment of association is greatest where the association is most flexible, or to put it another way, money has been, in the past the most flexible voting system ever devised, enabling the voter to change his policy and to hold an election every five minutes.

It really does not require much intelligence to realise that the idea of a permanent majority involves the permanent disfranchisement of everyone concerned. If I have £500, and can go to a builder and give him my plans for a house, and "vote" my £500 to him, I get action in accordance with my wishes. But if all building is nationalised, I am disfranchised.

This question of the disfranchisement of the individual from minute to minute goes straight to the roots of the war. It is the technique of centralisation of power, and it must be remembered that there is no such thing as the destruction of power. Power once centralised, cannot be used *while centralised* for anything but the ends of the organisation in which it has been centralised. Have you ever known of a Government Department relinquishing power?

It is obvious that a majority is only a specialised and deceptive word for the "Führerprinzip." No majority can act without a Leader. When an individual resigns power to a leader, he resigns it *primarily* to be used against him. To the extent that the "Führerprinzip" has been effective,

the present state of the world is the result of the "Führerprinzip." You can't have it both ways—either the device is ineffective, or the results are catastrophic.

This is easily verifiable. Nations have been moving towards totalitarianism in various forms since the French Revolution and the reign of Frederick the "Great." Contemporaneously, wars have been becoming more obviously planned, more destructive, and more certainly the steps to still greater wars and more totalitarianism. The answer is simplicity itself—the restriction of the leader principle to *ad hoc* purposes. So far from Russia, Germany and Italy, the New Deal and P.E.P. indicating advance towards a better world, they are exhibits of the operation of a policy which has brought the world to the edge of destruction—if not over it. A majority ceases to have any validity when it is led to an objective its component individuals do not understand, or when a dissentient minority is forced to accompany it.

I hope no one will run away with the idea that all this is highly theoretical. It is the most deadly practical subject to which attention can be drawn at this time.

Collectivism, economic and political, is the policy of the Supernational Forces. Its fundamental objective is the Slave World, ruled by a Praetorian Guard in the employ of a Ruling Race. It has no chance whatever of success, but it has a real chance of setting back the clock of human happiness by hundreds of years.

Inherent in the subject is the importance of *optimum* size, and the consequent dangers of megalomania.
(To be continued) (All rights reserved)

FROM WEEK TO WEEK

The Economist concedes that the principle of concealing names of shareholders under nominee holdings is a bad one for any so-called public company, and is far worse when it is adopted by a Press which prides itself on its candour and independence. *The Economist*, it is noticed, prefers to disclose *Truth's* shareholders rather than its own, an instance, possibly, of 'candour.' "It is not necessary that the press should be free, what is necessary is that it should be free from corrupt pressure." It is unnecessary to say that this is not a quotation from *The Economist*.

The *Sunday Times* for April 26 contained a reasonably outspoken leading article picking up two points of a speech made in New York last week by Lord Beaverbrook. The first concerned Lord Beaverbrook's unqualified advice to "strike recklessly," and the second his handling of a rumour (not, says the *Sunday Times*, published by important American papers and not by English papers at all) that

"Mr. Churchill will fall before the summer is out." The *Sunday Times* thinks the Prime Minister's close friend and associate might have denied it himself instead of asking his American audience to do it for him.

IMmobilisation of Industry

Refuting an article in *The Economist*, "as misleading in the general picture which it draws of the management of the [coal] industry as it is incorrect in its individual statements." Mr. A. W. Lee, Director of the Mining Association of Great Britain, compares the output of saleable coal per shift in 1916, the last year before Government control, when the figure was 19.41 cwts., with the output in the control years, 19.08, 17.23, 14.96, and 14.36 cwts.

The figures for the last two years, he says, were effected by the introduction of the seven hour day as from the middle of 1919; but, by 1922, the industry under private management had restored the rate of output per person per shift under the seven hour day to 18 cwts. It is also stated that in a number of cases in which men have been transferred from pits with a low rate of output (usually in financial difficulties) to pits with higher rates of output, additional output has not in fact been obtained. *The Economist's* 'plan' had suggested that replenishment of labour force should be deferred until another experiment in temporary nationalisation had been tried. The critic says "the adoption of such a course would spell disaster."

The Slave State

Mr. Donald Innes of Huddersfield draws attention to an innocent-looking and apparently useful booklet entitled *You and the Call-up*, which has been written by a solicitor, Robert S. W. Pollard, and published by the Blandford Press. The booklet, intended to explain the individual's liability under the compulsory service, essential work and conscientious objection orders, begins with an introduction containing the following:—

"We cannot foresee if there will be complete legal freedom to choose one's occupation after the war. One may, however, express the hope that a consciousness of an *obligation to serve the community* will continue to be recognised in peace-time by every citizen." The emphasis is not Mr. Pollard's. Whatever one may do, another, having in mind Hazlitt's dictum that "Corporate bodies are more corrupt and profligate than individuals, because they have more power to do mischief, and are less amenable to disgrace or punishment," and that, in any case the only justification for the organisation of the community is service to, not from, the individual, may have better hopes than Mr. Pollard's.

Democratic Pressure in Bristol

A recent sequence of events in Bristol is a good instance of how individuals, faced with the disenfranchisement—local as well as national—brought about under war conditions, are remaking the link between electors and representatives, the mechanism for the transmission of polity which alone makes the democratic machine an instrument of democracy:—

In 1940-41 there was a heavy loss of rateable value due to the heavy blitzes on the centre of the town. In February, 1942, the Chairman of the Finance Committee stated that it would be necessary to increase rates by 2s. 10½d.

to meet the fall in revenue. During February and March many complaints were published in the local Press that the proposed measure was unfair, and it was linked with the fact that there are no elections in war time, and on March 5 a letter appeared prominently and with a good headline in the *Bristol Evening Post* suggesting that electors in each ward should organise a demand on Councillors, as their representatives, to stop the rate increase. A week later the Finance Committee announced that there would be no rise in rates in this half-year. A letter on the origin of loan charges and bank overdrafts published in the local press shortly after was answered by one thanking the correspondent and giving particulars of the City's loan charges, which the Chairman of the Finance Committee 'visualised' in future as comprising 19s. 6d. out of a 20s. rate. Subsequently a Ratepayers' League was formed—to keep Councillors 'in touch with opinion' Representatives from each street were to meet and see how much they had in common, and then do something about it.

Federal Re-union?

"Among those present were Mr. Harry Hopkins, Mr. William Bullitt, Mr. Robert Murphy (recent Councillor to the Embassy in Paris), Mr. Clarence Streit, Mrs. Morgenthau and the new Canadian Minister.

"Mr. Roosevelt's remarks on Federal Union, sheltering British destroyers, the fall of France, pan-American defence, the necessity for winning the war, and diverse American reactions to all these topics convinced me that he was a very sensible man."

—*My Hōsis the Roosevelts*, by Phillis Bentley, in *Cavalcade Digest*, December, 1941.

Bread and circuses are the traditional sops for slaves.

In view of Lord Woolton's preoccupation with bread, and the *Daily Express's* insistence on circuses, it is surely time that they were reminded that this a war for *Freedom*?

It is estimated that 3,000,000 new homes will be needed to make up for the interruption of the yearly average of 350,000 new houses, war-time marriages and blitz damage.

"Temporary homes built on the sectionalised system would seem essential," said Mr. A. E. Wade, General Secretary of the House-builders' Association of Great Britain with reference to discussions between the building industry and the Government on plans to build 500,000 temporary homes after the war.

"We cannot hope to catch up with the building lag for some years."

Alarmed at the threat of absorption into large farms and farming companies, farmers of the Brockenhurst branch of the N.F.U. have passed a resolution asking that some seats on the union's council in London shall be reserved for men farming less than 100 acres.

They add that financial assistance should be given to enable them to attend regularly.

Members of the council of the Union tend to be large farmers who can afford to be away from their farms. Of our 375,000 farms, 85 per cent. did not exceed 150 acres.

The Hampshire F.U. Executive has agreed to circulate the Brockenhurst resolution.

"The big mechanised farms may be all right for some parts of the country and some types of farming," said the chairman of the Brockenhurst F.U., according to the *News Chronicle*.

"But for most of our English farming, and especially for livestock farming, where personal supervision counts for so much, they would not be the best in my opinion.

"We smallish farmers don't want to find ourselves turned into the employees of big corporations, even though it meant more money."

"Close and lasting co-operation between Britain, America and Russia was urged by the Czechoslovakian Deputy Prime Minister (M. Jan Masaryk) in a speech to a meeting of American Bankers to-day. . . .

"A Federated Europe after the war, under the leadership of the English-speaking democracies, will be acceptable to Russia." —*Melbourne Herald*, February 9, 1942.

M. Masaryk is a prominent Mason.

The Individual's Responsibility

By P. R. MASSON

The Christian philosophy is essentially a simple common-sense outlook on life; it concerns individuals, and their needs and requirements, and however many are considered they are just so many individuals who can only do their own thinking and who are individually responsible for results.

The results will be good—to the general satisfaction—in exact relations to the accuracy of the thinking of men and the truthfulness of execution in rules, customs and laws.

It is a mistake to wait for great leaders or to form large and powerful organisations in which to invest responsibility. The whole of history seems to show that great institutions are too easily perverted; possibly it is inevitable that the institution will automatically select types susceptible to a "power complex," at least until the ordinary individual takes a far stronger line with his "servants."

In all probability the two things which the ordinary individual must do above all others are, first to acquire a sense of mastery over his institutions and realise that the officials of those institutions are fundamentally in the position of servants. Secondly, he must free his intellect from interested influences; the press, the wireless, the motion picture industry and educational establishments are institutions with the function of supplying information or entertainment, yet it is becoming fairly generally known and even brazenly admitted that these institutions are powerful influences for forming public opinion and regimenting the masses. Put another way, this means that the opinions unsuspectingly held by many individuals have been suggested and created for them. Once an individual knows or suspects this, surely he should take the best steps he can devise to free his intellect and master those emotional impulses which plague his reason and which are being carefully and skillfully manipulated to his undoing?

Intellectual freedom is an inherent characteristic in any individual, and it is probable that the will to be free follows automatically on the realisation that the mind is being exploited, even though the full acquisition of intellectual

freedom can only follow a slow and painful investigation of the cherished notions and beliefs of a lifetime. It may be that Cromwell has been something of a hero on somewhat nebulous grounds; there are ways of finding out what kind of a man Cromwell really was in life. Perhaps the individual nurses a perverted kindness which takes the form of limiting his censure and his attack for systems rather than individuals; he must try to realise that he cannot hurt Hitlerism, he can only restrain the Hitlers of this world. Nationalisation, Private Enterprise, Free Trade are all words which arouse different emotional re-actions which are the enemies of reason; they are but expedients which may or may not be efficient in producing results, and the individual would be wiser to conquer the re-actions caused by these words, and content himself with specifying the results he requires from experts entrusted with direct responsibility to produce those results.

Possibly the first practical step in the political world towards the institution of a Christian or truly democratic order is to take action to secure the economic freedom of every individual. It cannot be stated too clearly that this means that the individual must not be compelled to continue working, because of economic necessity, in an undertaking of which he does not approve. Even industry must operate on lines where true leadership is in control with graduated personal responsibility for results coupled with the necessary authority, through a willing acceptance of conditions necessary to the undertaking from those who possess capabilities and qualifications acceptable to those responsible for results.

Such a condition will not be brought about by raising wages, by nationalisation or fleecing the rich, however attractive these side-tracks may appear.

An increase in wages is a direct addition to costs, and at best can bring but a temporary advantage at the expense of others until other industries also secure increased wages when the temporary advantage is lost. It is conceivable that there might be a clash of interests between different activities, but the management and the employees in the same industry have a common interest in the results and should not allow themselves to be divided into factions over wage disputes which lead nowhere.

The idea of fleecing the rich is based on the notion that the rich are rich because the poor are poor. Whatever may be said of conditions in past generations this is an erroneous idea to-day and the only possible interest in its perpetuation comes from those quarters desiring the continuance of the pyramidal structure of society as opposed to a Christian order, to which interests the setting of faction against faction is an obvious expedient.

Anti-Christian or anti-social characteristics may not always be recognised easily and the leading exponents may be well hidden, but it is implicit in these notes, first, that all men are equal as regards their rights, as a fact, not as a theory; secondly, that all men are inherently free intellectually; and thirdly that in our Anglo-Saxon race the majority are naturally adaptable, in spite of centuries of conditioning, to a Christian order.

It follows from these considerations that the power to bring about such a change is latent in society and once such power is realised and exercised efficiently against a small minority, on whom restraint is necessary and justifiable, a rapidly improving and workable social structure must emerge.

The responsibility is on the individual.

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Saturday, May 2, 1942.

Mr. Ezra Pound

We hear that Ezra Pound has claimed kinship with the Greenshirts and 'the Men of Coventry.' A recent publication of the Social Credit Party begins:—

"Let us *assume* . . . that a Social Credit Regime has come into being. . . ."

"Yes, let's!" is *not* the correct answer to imbecility of this kind. Social Credit is not a 'regime'; it has not come into being, and to act on a basis which is unreal is in itself unreal; Social Credit never will 'come into being'; it is in being, just as a knowledge of useful principles of bridge construction is in being side by side with clear notions concerning the uses of bridges; but, if you are at heart a planner, then the assumption that something has happened (which has not happened) is as good, and as bad a start, as planner ever had. Concerning ourselves, it has already been indicated in these pages that what Mr. Ezra Pound, who now broadcasts from Rome to 'America,' is not encouraged, and will not be encouraged, by his Fascist employers to do is to tell the Americans how to win either the war or the peace. The report that he has lately been addressing himself to the 'English Social Credit Movement' (in the guise of exhortations to Greenshirts, etc.) has interest because it coincides, in time, with (for example) the monetary-reformist wave which has overtaken *The Times*.

A great authority on these matters, when he was asked lately to illustrate the difference between a single-cross and a double-cross, said that when you use poison-gas because the other fellow is *just going* to use poison-gas, that's a single-cross. But when you introduce a 'Social Credit Regime' because Social Credit might otherwise become the accepted motive of social organisation—that's a double-cross.

It is a point worth expounding to the innocent layman that it is worth while for Mr. Ezra Pound, an American and a poet, broadcasting for the Italian Government, to meddle in backwaters of English politics scarcely known to the average elector, who has not yet learned to recognise them as the head waters of world politics.

T. J.

The Popular Mind

"The popular mind is incapable of scepticism; and that incapacity delivers their helpless strength to the wiles of swindlers and to the pitiless enthusiasms of leaders inspired by visions of a high destiny."

—JOSEPH CONRAD: in *Nostramo*.

PETITION TO CROMWELL

*The Jewish Petition to Oliver Cromwell in 1656, which led to the Legalisation of Jewish Residence in England.**

About the middle of the seventeenth century, certain groups of Puritans in England began to take interest in the Jews. A number of Jews had secretly been settled in the country since the beginning of the sixteenth century. They gradually declared their religion. Manasseh ben Israel, a distinguished Hebrew scholar resident in Holland who had knowledge of English, was invited over to put their case to the English government. He arrived in London in 1655 and presented to Cromwell his petition, signed by himself and by six leading Jewish residents in London. It is now in the Record Office in London, and it bears the Protector's signature. Cromwell referred it to a special committee who rejected it. Nevertheless, the Protector supported the Jewish claims which, within two years, obtained legal sanction.

The petition runs as follows:

"To His Highnesse Oliver Lord Protector of the Commonwealth of England, Scotland and Ireland the Dominions thereof.

"The Humble Petition of The Hebrews at Present Residing in this city of London whose names ar underwritten

"Humbly sheweth

"That Acknolledging The manyfold favours and Protection your Highnesse hath bin pleased to graunt us, in order that wee may with security meete privatley in owr particular houses to our Devosions, And being desirous to be favoured more by your Highnesse, wee pray with all Humbleness that by the best meanes which may be, such Protection may be graunted us in Writting as that wee may therwith meete at owr said private devotions in owr Particular houses without feere of Molestation either to owr persons famillys or estates, owr desires Being to Live Peacebly under your Highnesse Government. And being wee ar all mortall wee allsoe Humbly pray your Highnesse to graunt us Lisence that those which may dey of owr nation may be buryed in such place out of the cittye as wee shall thinck convenient with the Proprietors Leave in whose Land the place shall be, and soe wee shall as well in owr Lifytyme, as at owr death, be highly favoured by your Highnesse for whose Long Lyfe and Prosperity wee shall continually pray To the allmighty God

Menasseh ben Israel

David Abrabanel

Abraham Israel Carvajal

Abraham Coen Gonzales

Jahacob de Caceres

Abraham Israel de Brito

Isak Lopes Chillon

"OLIVER

Wee doe referr this Peticion to the Consideracion of the Councill.

March the 24th.

16 55/6"

*Passage taken from *The Legacy of Israel*.

Democratic Victory or The Slave State?

By L. D. BYRNE.

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MURIE SING, CUCKOO!

By B. M. PALMER

In April the birds' chorus begins at four in the morning; the first sleepy note is often the thrush, but the blackbird soon follows with his longer cadence. The clock says six, and all is silence, the perfect setting for that song. On the eighteenth or nineteenth of the month the cuckoo joins them for the first time. Year after year he keeps closely to this date in spite of weather variations.

"Never to the hill or plain,
Valley and wood, without her cuckoo-strain,
Comes the fresh Spring in all her green completed."

The breaking of long silence means as much as the mist of green across the waking land, and there is more music to come. May is the month of full song. "Ne swike thu naver nu" is the last line of the old round, as if you couldn't have too much of a good thing. Perhaps you can't.

That early English poem has a quality which was almost lost after the Elizabethan age.

Such a simple delight in the physical joys of nature is only possible when the past and future do not challenge the present. To him who wrote and those who sang, the song went on for ever, till the end of God's world. For would there not be seed time and harvest, and then, yet again:

"Groweth seed, and bloweth mead, and
Springth the wood anu,
Sing cuckoo
Awe bleteth after lomb,
Lhouth after calve-cu,"

in the circling flight of the seasons. Our forefathers' days were laborious but they worked to reap the fruits of the earth. We can scarcely imagine the mental outlook of a society which had attained a considerable degree of civilisation without the existence of bank balances or budgets, where all wealth was real. They lived in the present. But now! How difficult to feel a simple delight in every day things without an after thought or a looking back. Things are not what they were, or in the future this and this may be; so the mind wanders on while the glorious present in which alone bird song and apple blossom have their being escapes us,

"Who can fear
Too many stars, though each in heaven shall roll
Too many flowers, though each shall crown the year?"

Now more than ever we must feel our blood relationship with nature, while we are fighting this long grim war which must be carried on beyond military victory to the vindication of our own sanctions. Our success is conditioned by the harmonising and power within us, but we lead no isolated existence. It is not the question of any cult, but of the oneness of all life. It was a breaking of this harmony when certain sections of the community began to trade in the tokens of real wealth which led to the age of unbridled industrialism, and the rise of a class of men with a vested interest in unreality. They partly destroyed paradise, and made possible the gigantic holocausts most of us have seen and suffered. But it is useless to spend ourselves in staring at the horrors. We must cherish what still remains, to

which we are so closely bound that it is part of ourselves. In the strengthening of the organic growth which alone can save Western civilisation there is not one glad natural thing that does not add to our power.

"And so you really believe there is a way?"
"I know there is."

Comes the fresh Spring. . . .

This article is a plea for the realisation of emotional continuity. History did not begin with the French Revolution—the best of our heritage is of an earlier date, but it is still ours. And it is still growing, though slowly. What a man soweth that shall he also reap.

The discovery of Social Credit is in line with the true development of the national genius. When we apprehend this tremendous fact and have some realisation of the soil in which the growth is rooted it should be impossible to lose faith in ourselves. Then we know to what we are called. We are part of the national life and its traditions are ours. We are not beings apart.

In writing of what is an emotional issue every statement may be challenged as an assumption. Then recourse must be had to personal experience.

It is certainly true that familiarity with the Douglas philosophy provides a touchstone whereby literature may be distinguished from mere publications. The writer suggests that a similar discipline may facilitate some emotional discrimination in regard to our own reactions towards other forms of art. As a child she was taught to sing "Sumer is i-cumen in" in canon with others. This was great fun for the singers, there seemed no reason why the song should come to an end, except for mere weariness. It simply expressed the physical exuberance of those taking part. To our forefathers the cuckoo was *merry*. Why not to us? But present-day writers and composers in the main greet the spring with flippancy or melancholia. If what Social Crediters have learned is true these are false emotions, based on unreal values and lack of faith. There is no denying the almost unearthly beauty of Delius's ode "On hearing the Cuckoo in Spring" which has attained considerable popularity. It is not intended to criticise its perfect workmanship, but merely to draw attention to its effect on listeners. Though as simply conceived as the old song, there are in fact similarities which help to point the contrast,—it is as if the April landscape with sun and showers, bird call and wild flowers were transmuted, lifted from the present to an unreal past, and seen through tears. It is presented as something that can never return, in which there can be no faith. To abandon oneself to this mood gives a nostalgic pleasure and then, blankness. The desolation is emptier than before.

It may be said that these things are purely subjective. Suppose they are. They are still common experience. Perhaps it may safely be added that some listeners are ready to luxuriate in the dead past. They do so at their peril. The past is only of service when it has a direct bearing on present and future development.

It is not intended here to discuss the purpose of art, but to indicate the existence of a criterion available to those who believe that every aspect of the life of a nation must be part of an organic whole, bound back to a philosophy, if there is to be life more abundant.

Points from Parliament

APRIL 16.

EDUCATION: SINGLE-TYPE SCHOOLS

Miss Cazalet asked the President of the Board of Education whether as a preliminary to post-war educational reforms he will consider making a start now by taking the necessary steps to make it compulsory for all children up to the age of 11 years to attend the same schools?

The Parliamentary Secretary to the Board of Education (Mr. Ede): No, Sir. My right hon. Friend is not prepared to initiate the legislation that would be needed for this purpose.

Miss Cazalet: Does my right hon. Friend think that the suggestion outlined in my Question would be a practical instalment of post-war educational reforms and would be welcomed by the whole country?

Mr. Ede: I fear that it might be a first instalment on the road to a Fascist State.

BUDGET PROPOSALS: CONSIDERED IN COMMITTEE

Mr. Craven-Ellis (Southampton): If we disregard the consequences of the Budget and regard the Budget as a piece of machinery for restricting consumption, we can say that the Budget has been a success.

Mr. MacLaren (Burslem): That is all it is.

Mr. Craven-Ellis: I believe it has already been said this morning that money does not count.

Mr. MacLaren: It never did.

Mr. Craven-Ellis: Nevertheless, its direction is most important. In the Command Paper which has been issued, some idea is given of what the Chancellor of the Exchequer is trying to achieve. We are dealing with a Budget of £4,500,000,000, and we are to make that good by a revenue of £2,400,000,000. The balance, to be provided from "savings and other sources," is £2,100,000,000. I am glad to see in the analysis that savings are referred to, but I should have thought the Order would be reversed and put this way:

"the balance of £2,100,000,000 to come from other sources and savings."

Savings are put in the analysis at a net figure of £665,000,000, considerably less than half of what must come from other sources. I must therefore ask: What are these sources? I have never yet heard disclosed in this House what those sources are and what kind of financial transaction is necessary to bring those other sources into existence.

I will tell the Committee what I believe to be the other sources, and perhaps the Financial Secretary to the Treasury will say whether I am right or wrong. Number one I take to be investments, or open-market operations, which mean that the banking system has purchased Government securities upon which interest is paid to them. In accordance with the latest records, that total is no less than £725,000,000. Item number two under the heading "other sources" is bankers' deposit receipts. These at the moment total £725,000,000. Number three is the short-term money, which is invariably subscribed from Treasury loans. To-day that figure is approximately £2,500,000,000. Those are the other sources which I conclude are referred to in the analysis.

All the items to which I have referred are financed by bank money. What is bank money? It has been suggested that it comes into existence by a book-keeping transaction. Let us see exactly what it is. There is only one way of creating bank credits. I hope that the Financial Secretary to the Treasury will contradict me if I am wrong. The Bank of England decide, say, to have an open-market operation, and purchase Government securities. The vendors of those securities will receive, in due course, a draft from the Bank of England and will place that draft, in due course, into their joint stock bank. When that draft goes through the clearing house, money is not displaced at all. It merely creates cash in the Bank of England to the credit of the joint stock bank in which the vendors of the securities have placed that draft. Therefore, on that cash which is in the Bank of England to the credit of the joint stock bank, the joint stock bank can properly—I am not taking any exception to it, but I want people to understand that it is upon their credit that the war is being financed and not upon the facilities of any banking system.

Mr. Stokes (Ipswich): On the people's credit?

Mr. Craven-Ellis: Yes, on the people's credit. Therefore, the banking system have got that cash to their credit. If they have £1,000,000 from vendors' securities at the Bank of England, the joint stock banks will then pyramid that up and produce the sum of £10,000,000. These are the resources, I submit, which are referred to in the analysis and which I think should be made more clear in order to satisfy the public. What does this mean from the point-of view of income as far as the banking system is concerned? I estimate that at the present time the banking system is receiving, from the securities held and the facilities given by it to the Government at the present time, an annual income of no less than £60,000,000. I do not object to that, because that is the system, it is what we accept as being the orthodox method of finance, but I would like to draw the attention of the Committee to the fact that in September, 1939, the Monetary Committee of the Federation of Master Cotton Spinners and the Parliamentary Monetary Committee issued a circular to every Member of the House of Commons. This is what that circular said:

"We ask whether it is equitable, or economically expedient, that the very considerable profits derived from such credit expansion should accrue to the banks as the creators of this additional money. As the issue of money, whether in the form of currency or of bank credit, represents the issue of claims against goods and services of all the members of the community, the power of issue should reside exclusively with the Government as the representatives of the community at large. This is already the case with regard to the issue of money in the form of currency, which does not differ in its essential nature as purchasing power from bank cheque money. Equity demands, therefore, that as long as private interests are permitted to issue such money, any profits which accrue from it should go to the benefit of the State."

One is inclined to ask this question: Would there not be very definite difficulties and complications if we were to rely upon the banking system to transfer that benefit to the State? I would submit to the Financial Secretary to the Treasury that perhaps it might be better if the Treasury would give consideration to the establishment of a State credit bank. I believe that when this war is over the amount of credit which will be necessary to allow enterprise and industry to function to an extent which will give full employment to the men and women as they come out of the Army and out of munitions production should be created

by a State credit bank. I question whether it is fair to expect the banking system to-day to take the responsibility. If it is to be for the benefit of the State, I think the responsibility should be shouldered by a State credit bank and not by the banking system of the country. In putting this proposal to Members of Parliament and others, we did point out that it was essential to maintain the unquestioned solvency of the banking system: I submit that the banking system of this country is the finest banking system in the world as it is operated and as we understand it, but that is not to say that it cannot be improved in the interests of the future, and we did suggest that the amount of profits should be put on a zero line sufficient to retain the unquestioned solvency of the banks but that the State should have the full benefit of everything beyond that figure. . . .

[Mr. Craven-Ellis's speech was among those ignored by the Chancellor of the Exchequer when he replied to the debate.]

APRIL 21.

**NATIONAL FINANCE
GOVERNMENT BORROWING**

Mr. Craven-Ellis asked the Chancellor of the Exchequer whether he will give full details and respective amounts subscribed to the various Government investments which account for the £5,687,000,000 borrowed by the Government from September 3, 1939, to March 31, 1942?

Sir K. Wood: With my hon. Friend's permission, I will circulate a statement in the *Official Report*.

Following is the statement:—

Summary of Debt Transactions: Sept 2, 1939 to March 31, 1942.

	£000
Money raised by creation of debt—	
3% Funding Loan	120,000
3% National Defence Loan	120,000
3% War Loan	302,527
National War Bonds	1,316,327
Savings Bonds	666,026
Defence Bonds	432,227
National Savings Certificates	452,901
Tax Reserve Certificates	191,515
Other debt—	
External	109,616
Internal	46,036
Floating Debt	2,144,795
	5,901,970
Less pre-war debt paid off out of war borrowings	214,910
Total war budget deficit borrowed	5,687,060

APRIL 23.

LOCAL TAXATION

Mr. Lipson asked the Minister of Health whether he is aware that the burden of local rates is being borne by shopkeepers and householders, many of whose incomes have fallen since the war, while prosperous industrial concerns pay no rates at all; and will he take steps to see that the burden of local taxation is more equitably shared?

Mr. E. Brown: Occupiers of industrial hereditaments are not exempt from the payment of rates. The Act which

provided for the partial de-rating of such premises and the accompanying Exchequer grants was a measure of permanent reform in the system of local taxation, and the Government do not contemplate the introduction of legislation to repeal it.

Mr. Lipson: Is not the right hon. Gentleman aware that the position was entirely different when the legislation was passed? In view of the changed circumstances, cannot the matter be reconsidered?

Mr. Brown: I think not. The information which comes to my hand shows that in many rating areas the rate for 1942-43 is lower than it was in 1941-42.

TREASURY DEPOSIT RECEIPTS

Dr. Russell Thomas asked the Chancellor of the Exchequer whether the disclosure of the weekly amounts of Treasury deposit receipts nominally maturing and which have been pre-encashed by the banks, is now forbidden; and, if so, for what reason?

Sir K. Wood: Publication of the weekly amounts of Treasury deposit receipts encashed before maturity has not hitherto been authorised. I am, however, arranging that in future the monthly return of debt transactions shall show the extent to which redemptions of Treasury deposit receipts have taken place before maturity.

CIVIL SERVICE (CONTROL)

Mr. De la Bère asked the Prime Minister whether, notwithstanding the recommendation of the Royal Commission on the Civil Service of 1929-31, which recommended that there should be no change in the system of control of civil servants whereby the head of the Treasury is also the head of the Civil Service, he will now consider appointing a director general of civil servants, in view of the changed circumstances created by the war, which has involved the head of the Treasury with increased responsibilities and additional burdens?

Mr. Attlee: I do not consider that the adoption of the suggestion of my hon. Friend is desirable.

Mr. De la Bère: Is my right hon. Friend aware of the widespread feeling among responsible opinion throughout the country that the control of the Civil Service since the war could be improved, and is he further aware that this Royal Commission took place a very long time ago and that conditions have completely changed; and will he really look into the matter, which is not one to be lightly dismissed or even dismissed at all?

Mr. Attlee: There is no question of dismissing the matter lightly; but I do not think my hon. Friend's specific suggestion is very good.

Mr. A. Edwards: Has the Minister any hope of speeding up the work of the Civil Service and of Departments generally?

Mr. Attlee: That is another question.

TRADE AND COMMERCE

POST-WAR RECONSTRUCTION (INDUSTRIAL FIRMS)

Mr. Culverwell asked the President of the Board of Trade whether, in planning for post-war reconstruction, he will bear in mind the importance of maintaining and encouraging small industrial firms and, with this end in

view, will consider the granting by the Government of financial assistance with appropriate safe-guards to such firms?

The Parliamentary Secretary to the Board of Trade (Captain Waterhouse): I can assure my hon. Friend that in working out plans for post-war reconstruction of industry the importance of small firms will be taken into account. The Departments concerned are considering the problems which will arise, including finance, but it is not possible at present to forecast the nature of the measures which will be required.

CIVIL SERVICE (INDEPENDENT PANEL)

Major Lyons asked the Financial Secretary to the Treasury the names of the independent panel of business men supervising the work of Departments and recommending improvements; the date of their appointment; the number of occasions they have met; and the date of the last meeting?

Captain Crookshank: The members of the panel referred to in the reply of 17th March to the hon. Member for East Fife (Mr. Henderson Stewart) are Mr. J. Reid Young of Vickers Limited, Mr. W. W. Watt of the British Oxygen Company Limited and Mr. J. Ryan of the Metal Box Company. The panel was formed at the beginning of this year under Mr. Reid Young's chairmanship: six meetings have been held, the last of which was on 22nd April. The members of the panel assist between meetings, in an individual capacity as and when necessary.

MEDICAL STUDENTS (PERIOD OF TRAINING)

Sir E. Graham-Little asked the Minister of Health whether he is aware that certain officers on the Central Medical War Committee are exercising pressure upon the medical licensing bodies to shorten the period of training of medical students in their final years, in one instance by one-sixth, owing to the scarcity of medical officers in the Fighting Services, and that such measures injure the reputation of licensing bodies; whether any of the proposals for redistribution of medical man-power, detailed in the circular No. 2624, have been operated; and what are the prospects of so redistributing personnel as to meet the immediate demands both of the Services and of the civilian population without curtailing medical training?

Mr. E. Brown: No, Sir. I am not aware of any pressure of this kind having been exercised by officers of the Central Medical War Committee on medical and licensing bodies. As regards the second part of the Question, since the circular to which my hon. Friend refers was issued on the 9th April, it is obvious that sufficient time has not elapsed for the measures recommended to have been fully brought into operation. As regards the third part of the Question, I am informed by the Medical Personnel (Priority) Committee that in their view both redistribution of medical personnel and some curtailment of the period of medical training are necessary.

Parliamentary Plum

Mr. Bowles (M.P.) in the debate on the Budget:— "Since my election a surprisingly large number of people . . . have begged me to tell the Government that the people of this country will stand a good deal more disciplining if only the Government will give a lead in that direction."

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