

ALL THESE THINGS



A. N. FIELD

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By

A. N. FIELD

*Again, the devil taketh Him up into an
exceeding high mountain, and sheweth Him
all the kingdoms of the world, and the
glory of them ;*

*And saith unto Him, All these things
will I give thee*

S. Matthew iv; 8, 9.

VOLUME I

A. N. FIELD

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ALL THESE THINGS

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ERRATA

Page 43, 7th line from bottom, for "Lord Fyvie of Leith" read "Lord Leith of Fyvie."

Page 86, lines 11 and 12 from top, for "Columbia University, New York" read "Harvard University."

PREFACE

THIS book is an assemblage of matter from many different sources exhibiting the nature and interconnection of certain world forces operating in many lands and making for the overthrow of the existing social order and the disintegration of patriotism, religion, and morality.

These influences are felt almost every day by every intelligent person. It is commonly assumed that the changes in opinion, conduct, and institutions which are taking place are, on the whole, changes for the better: that they represent progress and evolution from a lower to a higher and freer form of life. It is further widely assumed that they are a spontaneous growth.

Such was the author's own view until he was led some years ago to investigate the personnel behind certain great financial institutions. The facts encountered at first appeared incredible to him, but the further he went the more complete was the confirmation of their truth. The matter then collected was published in 1931 in a former volume "The Truth about the Slump."

Since then a large amount of matter has come to hand showing the operation of the same forces in other fields. A library of books might be collected dealing with different aspects of the subject, but as there appears to be nothing in the nature of a general conspectus covering the whole field it seemed that something of this kind might serve a useful purpose. The material collected to date has been drafted into twenty-eight chapters, of which the first seven appear in the present volume. It is hoped to publish the remainder of the material in later volumes completing the work.

The present volume is self-contained, but it is necessary to remind the reader that what is here presented covers only a small portion of the ground, touching on certain leading events during the past quarter of a century from 1912 to the present day. To bring the whole picture into perspective it is necessary to range much further afield.

Culled from a great variety of sources, the matter brought together is of varying degrees of validity. Writing in New Zealand, far away from the centre of events and the great libraries of the world, the author has had but limited opportunity of checking his matter to the full. He has, however, endeavoured to make some check of the general accuracy of every source used. These sources are named throughout, and the reader is thus in a position to proceed with independent check and verification on any point desired. In general, the further the research has been carried the more completely have the main facts been confirmed and amplified.

A great part of the activities described traces back to Jewish origin. This fact is quite inescapable; and it is quite impossible to arrive at any true understanding of the matters dealt with if it is ignored. At the same time it is necessary to remember that although certain Jews, or groups of Jews, are found engaged in activities detrimental to the interests of other races, it is unjust to jump to the conclusion that all Jews necessarily support or sympathize with the doings of these Jews. A fair-minded man should at all times be on his guard against drawing wide and sweeping inferences far beyond what any evidence will support. The truth can only be got at by proceeding on from fact to fact.

All that the author asks is that the reader, whatever his race, should temperately and calmly consider whether the unchecked operation of the forces herein described is likely to make the world a better or a worse place. A great aggressive power is at work in the world boring, undermining, and overthrowing. Every effort is made to prevent knowledge of what is happening from reaching the people. Only by that knowledge can the nations avert the dangers threatening them.

The publication of the remainder of this work will depend upon the reception with which the present volume meets. Readers desiring to secure copies of the second volume, or further volumes, are therefore invited to notify the undersigned.

A. N. FIELD.

P.O. Box 154,
Nelson, New Zealand.
July, 1936.

Chapter I

STRAWS IN THE WIND

1. SOME NEW ZEALAND HAPPENINGS

THE story to be told in these pages deals with many strange and enigmatical events very far away from New Zealand. At the same time in looking around at our own affairs in this country one notices certain things, some of no great moment and others of more importance, but all tending to raise a question in the mind as to whether they came about purely by chance.

Two years or so ago the silver coins in circulation in New Zealand were replaced by a new nickel coinage of lower intrinsic value, corresponding to the lower value which had been given to the New Zealand bank-note pound. When the new coins appeared it was noticeable that the inscription was different from that on the old coins. The old coins in abbreviated Latin set out the Royal style and titles: "George V, by the Grace of God, of Great Britain, Ireland, and of the British Dominions beyond the Seas, King, Defender of the Faith, Emperor of India." The new coins simply bore the legend: "George V: King Emperor." His Majesty on these coins was no longer King "by the Grace of God," nor was he "Defender of the Faith." All reference to the religious aspect of the Monarchy had been removed from the coins. There was no necessity for this, for the design on the reverse with the words "New Zealand" made the coins quite distinctive.

A trifling thing, the reader may say. Nevertheless, a significant trifle. Just a straw in the wind. A needless thing was done. The person who did it must have acted from either one or other of two motives. He must either have regarded the references to the religious aspect of the Monarchy as of no importance; or they must have been definitely repugnant to

him, and he took the opportunity of quietly removing them. Whoever did this, moreover, did it at a time when a world campaign against the Christian religion is proceeding. In the midst of that campaign somebody needlessly removed from the coins of New Zealand the reminder that the British Monarchy rests on a definitely religious basis: that our King is not fully vested in his Kingship until he has been consecrated to God, and has pledged himself to maintain the Christian faith. A New Zealander has only to pull a sixpence out of his pocket to have evidence in his hand that whoever designed his country's coinage was without interest in either the Grace of God or the Defence of the Faith.

Some time ago in looking over a list of officials in control of the people of New Zealand—the most British of the Dominions as it is often called—the author noticed that half a dozen key positions were at that time filled by persons with names indicative of non-British ancestry of various kinds. The officials in question were all of the highest character, and there were no grounds for raising any shadow of doubt as to their attachment to British interests. Nevertheless in a community where the percentage of persons of foreign extraction is small, it was surprising to find a number of high positions simultaneously occupied by officials bearing the sort of names one might expect to see if the League of Nations had sent an international delegation from Geneva to govern the country. Was it purely by chance that these posts happened at this time to be so filled? Or was it possible that a dash of foreign blood carried with it much greater ability than unmixed British and so brought its possessors automatically to the top? Or was it by any means possible that somewhere in the background some subtle internationalist influence came into play? These questions can only be stated. They are stated because curious internationalist leanings have been apparent in other directions in New Zealand, and because one notices in other parts of the Empire from time to time the raising of questions about the gravitation to high office of persons whose antecedents are not of an entirely unmixed British character, almost as though it were desired gradually to accustom British people to being ruled as a matter of course by men of other race than their own.

* * * *

In 1930 two emissaries of the Bank of England visited New Zealand to advise its Government on monetary matters.

Their names were not distinctively British. One was Sir Otto Ernst Niemeyer: the other was Professor Theodor Emanuel Gugenheim Gregory, a member of the teaching staff of the London School of Economics, a nursery of Socialism, as we shall see in the next volume, and staffed largely by teachers bearing names indicative of foreign extraction. Sir Otto Niemeyer was a functionary at the British Treasury from 1906 until 1927, holding the post of Controller of Finance from 1922 to 1927. In the latter year he joined the staff of the Bank of England. Professor Gregory seems to have been detached temporarily from the staff of the Socialist institution to accompany him to Australia and New Zealand as "economic adviser."

Sir Otto Niemeyer made a report advising the Government of New Zealand to establish a private corporation to control the volume of currency and credit in the country. He also proposed that this privately owned central reserve bank should be given a permanent monopoly of all the Government's "money, remittance, exchange and banking transactions." He further proposed that the Government should find a million sterling for the working capital of the bank, in respect of which sum it would hold no shares and have no voice in the management; and that half a million should be obtained by the issue of shares to the public, the holders of such shares to be the owners of the bank. In the original Bill as introduced it was left open to foreigners to own the bank, though only shareholders who were British subjects resident in New Zealand had votes at bank meetings. Furthermore, the share list was not open to inspection and ownership of the institution was thus secret.

It was not easy to see what advantages the Government was to gain from an institution set up as recommended in this report. Sir Otto Niemeyer certainly pointed to no outstanding benefit to the people of New Zealand. The terms on which the Government banking account was secured were distinctly unfavourable terms. The bank was given a monopoly of the account; the Government was given no right to so much as a pennyworth of accommodation from the bank; the bank might give accommodation to a limited amount if it chose, but need not if it did not so choose. No private concern would dream of giving a monopoly of its banking account on such terms, nor would any private person ever consider finding two-thirds of the capital for any venture without having a voice in its

control. It was a very one-sided arrangement in every aspect.

When the Reserve Bank Bill was before Parliament in 1933 an amendment of a quite ineffective nature was inserted giving the Government representation on the board of the bank. Of the nine members three were to be Government nominees: but once appointed even these minority representatives were not to be amenable to Government control, for they held office for five years and the Government was powerless to displace them during that time if dissatisfied with their conduct.

Another amendment was made by Parliament at the instance of a private member, Mr. R. A. Wright. This provided that the shares should be issued only to British subjects ordinarily resident in New Zealand. It is to be assumed that the original draft permitting foreign ownership was not so framed without reason. To gain light on this point the international origin of reserve banking requires to be considered.

2. INTERNATIONALISM IN EXCELSIS

The parent of the new model central reserve banks is the United States Federal Reserve Board and its twelve regional Federal Reserve Banks set up about six months before the European War broke out. These banks are privately-owned institutions with very complete control over the volume of currency and credit in the United States, and thus over the prevailing level of wages and prices. The principal prime mover in creating the Federal Reserve system was the late Mr. Paul Warburg (1868-1932), who with his brother, Mr. Felix Warburg, was a partner in the international banking-house of Kuhn, Loeb and Company, New York. The head of that firm at this time was Mr. Jacob H. Schiff (1847-1920). According to the Jewish Encyclopaedia the Schiff family is the oldest contemporary Jewish family of which there is record, tracing its ancestry back to 1370. In "All in a Lifetime" (Heinemann, 1923), the memoirs of another eminent Jew, Mr. Henry Morgenthau, Senior, formerly United States Ambassador to Turkey, Mr. Schiff was referred to as "the much beloved leader of the Jews." He was born in Frankfort-on-the-Main, where his father was a broker for the Rothschilds. In America he built up and controlled enormous

railway, telegraph and telephone and innumerable other combines. He was decorated by the Mikado for financing Japan in her war against Russia, and much matter has been printed tending to show that he financed Russian revolutionaries freely.

Mr. Paul Warburg was brother-in-law to Mr. Schiff, and was also a Jew of German birth, becoming naturalized as an American citizen in 1911, three years before the war. His brothers conduct the powerful German banking-house of M. Warburg and Company, Hamburg, financing the German shipping industry and controlling the Hamburg-America and North German Lloyd lines. Herr Max Warburg, head of this banking-house, played an important part in German politics, particularly at the time the Kaiser fled to Holland. Dr. Carl Melchior, a partner in it, was one of the five German delegates-in-chief at the Peace Conference at Versailles, and in later years was prominent in the founding of the Bank for International Settlements, the central bank of the central banks established in Switzerland, which has been internationalized in peace and war alike, pays no taxes, and is above and beyond all law. Provision was made in the New Zealand Reserve Bank Act for our reserve bank to join up with the Bank for International Settlements (B.I.S.). A message from Basle, Switzerland, published in the London "Times" of April 9, 1934, in reporting a meeting of this institution, said: "The newly-established [Reserve] Bank of Canada and Bank of New Zealand are empowered by their Governments to buy B.I.S. shares and to make deposits at the bank as soon as the stabilization of the respective currencies will allow." This shows that these reserve banks were established as part of the network of an international money trust.

Of the war-time activities of Mr. Paul Warburg, promoter of the Federal Reserve, we find Sir Cecil Spring-Rice, British Ambassador to the United States from 1912 to the end of 1917, writing as follows under date of November 13, 1914; "He practically controls the financial policy of the Administration, and Paish and Blackett had to negotiate with him. Of course it was exactly like negotiating with Germany. Everything that was said was German property." In various books on war-time espionage the Hamburg-America offices in New York are referred to as the centre of German espionage in the United States. In a pamphlet published by him in 1932

("A State Currency: to Hell with Wall Street"), Mr. George W. Armstrong, president of the Texas Steel Company, printed what he said was the United States Naval Secret Service report on Mr. Paul Warburg under date of December 12, 1918. As given by Mr. Armstrong this ran in part as follows: "Warburg, Paul . . . handled large sums furnished by Germany for Lenin and Trotsky; subject has a brother who is leader of the espionage system (of Germany)." The allegations as to the participation of Messrs. Schiff and Warburg in the financing of the Russian revolution will be dealt with later. Mr. McAdoo, President Wilson's son-in-law and Secretary of the Treasury during the war, was a former partner with Mr. Warburg, and the "Dictionary of National Biography" records that the late Sir Ernest Cassel, the Jewish friend and financial adviser of King Edward VII, was associated in former years with Mr. Jacob Schiff in effecting some of the great American railway combines in which his firm specialized. The authorities for the foregoing statements (where not given above) will be found in the author's previous book "The Truth about the Slump."

As to the mode of operation of the great American money-controlling machine established under the above auspices, we have the fact that it was created for the ostensible purpose of preventing financial crises, and there have been greater and more violent crises since it was established than were ever previously known. Professor J. R. Commons, of the University of Wisconsin, testified in evidence before the United States House of Representatives Banking and Currency Committee in 1927 that a member of the Federal Reserve Board had told him that the great inflation of 1919 was deliberately created by the Federal Reserve Board. Minutes of a secret Federal Reserve conference of May, 1920, ordering immediate contraction of credit have been freely quoted in Congressional documents as direct evidence of the cause of the depression which brought disaster all over the world at that time. Former Senator Robert L. Owen, who as chairman of the Senate Banking and Currency Committee piloted the Federal Reserve Bill through the Senate in 1913, testified before the House Banking Committee on March 18, 1932, that the great world depression beginning in October, 1929, was brought about by deliberate contraction of credit by the Federal Reserve system, specifying in detail the actions which led to the disaster. The allegations as to the deliberate

expansion and contraction of currency and credit by the Federal Reserve system will be examined in Chapter V.

Soon after the war was over the international financiers decided that the time was ripe to establish reserve banks all over the world. Whatever other people might think of the Federal Reserve system in the United States, it satisfied the financiers. In 1922 there was held a great international conference at Genoa at which Herr Walter Rathenau, the Jewish Foreign Minister of Germany, surprised the world by announcing that Germany had decided to recognize the Bolshevik Government of Russia, being the first country in the world to do so. Simultaneously another conference was sitting in Genoa attended among others by Mr. Montagu Norman, Governor of the Bank of England, the Governor of the Bank of France, the Governor of the Federal Reserve Bank of New York, and other international bankers. This conference resolved that central reserve banks should be set up in all countries where they were not already in existence. This work was thereafter steadily proceeded with and such banks have been established throughout almost the whole world.

A prominent part in the establishment of these banks was played by Mr. Montagu Norman, Governor of the Bank of England. In "Montagu Norman, a Study in Financial Statesmanship" (Kegan, Paul, Trench, Trubner, 1932), Mr. Paul Einzig, editor of the London "Financial Review," tells us that Mr. Norman "raised central banking after its early haphazard growth to a scientific system." In this he was "assisted by able and experienced experts such as Sir Otto Niemeyer and Mr. Siepmann." Further, "the names with which the elaboration of these (central bank) statutes was closely associated are those of Sir Otto Niemeyer and Sir Henry Strakosch."

In passing it may be noted that according to matter in Lieut.-Col. A. H. Lane's book, "The Alien Menace" (1932), Baron Georges Strakosch von Feldringen of Vienna is nephew to Sir Henry Strakosch, who is listed as Jewish in the "Fascist" of June, 1935.

Of the doings of this internationalist picnic party, Mr. Einzig, conductor of London's "Financial Review," proceeds to tell us that: "Another condition on which Mr. Norman and his collaborators insisted was that the central banks should be independent of their governments." It is emphasized that

on this "they insisted rather dogmatically." In other words, the State was not to govern in the sphere of money, which was to be left to the Normans, Siepmanns, Niemeyers, Strakosches, etc., ad lib. Despite the audacity of these proceedings they were entirely successful. The paid economists duly discovered that reserve banks were marvellous scientific improvements, the newspapers joined in the chorus of applause, and the politicians of the various States behaved as so many bell-wethers leading the sheep into the slaughterhouse. The fact was entirely overlooked that these financiers are in no sense public servants, but simply the paid agents of the shareholders in a banking company whose interests need not in the least be identical with the national interest.

This digression has been made to permit the reader to appreciate the highly international atmosphere in which central banking, and incidentally the Reserve Bank of New Zealand, had its birth. Sir Otto Niemeyer in his report said we ought to have a reserve bank to co-operate with the reserve banks of other countries as these banks had "no suitable point of contact in New Zealand." Furthermore, we were told that we would be benefited by having our Reserve Bank ship away all or most of the gold held by the banks in New Zealand. It was pointed out that this gold did not bear interest and it was thus a dead loss to hold it when we might exchange it for interest-bearing paper. It thus appeared that Sir Otto Niemeyer and his friends, on purely philanthropic grounds, were willing to carry off our gold, bear the dead loss on it themselves, and hand us over valuable paper for it. Nobody in the Government of New Zealand ever paused to think whether there might be any drawback to this admirable arrangement. It was swallowed whole. The entire reserve against the paper money issued by the New Zealand Reserve Bank may lawfully consist of private people's bills of exchange promising to pay sterling or some foreign gold-standard money. These bills of exchange do not need to have the least connection with the trade of New Zealand, and may be concerned with sales and purchases between foreigners in any part of the world.

The Reserve Bank Act was passed in 1933. It so happened that in the preceding year advantage had been taken of a similar, but not so sweeping, provision in the United States Federal Reserve law by one Ivar Kreuger with the assistance of aiders and abettors in America. Mr. Kreuger successfully

worked off on the United States Federal Reserve some very large parcels of commercial bills of exchange which were later discovered to have no exchange value at all. Speaking in Congress on June 10, 1932, Mr. Louis T. McFadden, long chairman of the House of Representatives Banking and Currency Committee, said: "Every dollar of the billions Kreuger and his gang drew out of this country on acceptances [bills of exchange] was drawn from the Government and the people of the United States through the Federal Reserve Board and the Federal Reserve Banks. The credit of the United States Government was peddled to him. . . ." Mr. McFadden explained at length and in detail how by allowing foreign commercial bills of exchange to be used as a basis for the issue of money in the United States immense frauds had for years been systematically worked by "the swindlers and speculators of all nations," had bills being bought by the Federal Reserve by the issue of good money, and the loss being saddled on the taxpayers of America.

In lectures at Oxford University immediately following on the exposure of the gigantic Kreuger frauds, Professor Gustav Cassel, the well-known monetary expert, said of this method of keeping central bank reserves in foreign exchange that it had been "completely discredited by the occurrences of the last year." Twelve months later the Parliament of New Zealand adopted this "completely discredited" basis for its reserve bank currency; and the Government of the day even went so far as to announce the new system as a wonderful reform.

Immediately it was established the New Zealand Reserve Bank took over the gold in the trading banks and duly shipped about three-quarters of it away in return for exchange paper. It also took over from the trading banks something in the neighbourhood of 16 millions of sterling in London. Large sums were thus made available for dealing in bills of exchange in the short-term money market in London. If it were possible to uncover the actual facts it might be instructive to see exactly who has been financed by the internationalists with these millions belonging to the people of New Zealand. It is quite open, for example, for the money to be employed in financing the trade of our competitors in the British market. The London moneylenders, as everybody knows, have long had much greater interests in the Argentine than in this quarter of the world. Whatever has been done

with our money it was not intelligent to leave large sums loose and open to be used in furthering other people's interests instead of our own.

* * * *

Now let us go back and consider just why it should have been left open in the Reserve Bank Bill for foreigners to hold Reserve Bank shares. The foreigners had no voting rights: they could not elect the directors and have a say at bank meetings. What result followed if they bought shares? This very important result: if the Parliament of New Zealand at a future date decided to amend or abolish the Reserve Bank it would be changing the terms of a piece of legislation forming the basis of a contract between the Government of New Zealand and the citizens of a foreign State who had put up their money and bought shares in the bank. These foreigners would then be in a position to have their Government take up the question of this breach of contract either with the Imperial Government or the Government of New Zealand. Obstacles might thus readily be put in the way of Parliament interfering with the Reserve Bank. And we have the word of Mr. Einzig, editor of the London "Financial Review," that Mr. Montagu Norman, and Sir Otto Ernst Niemeyer, and Sir Henry Strakosch, and Mr. Siepmann, and the rest of the gentlemen who run the Bank of England, insist "rather dogmatically" that these banks are to be independent of their governments. Happily New Zealand did not leave it open to foreigners to own its Reserve Bank, and the State has since become sole owner.

Another very curious thing happened when the Mortgage Corporation Bill came before Parliament in 1935. This measure set up a second great privately-owned concern to take over the loans of the Government lending departments, or rather to take them over to the extent to which they were good, leaving the rest on the taxpayers' backs. As in the case of the Reserve Bank, it was extremely obscure what benefit the people of New Zealand were supposed to derive from this institution. The wording of the legislation suggested a certain identity of origin with the Reserve Bank. The sections relating to the capital and shares, for instance, seemed to have been lifted bodily, word for word, from the Reserve Bank Bill.

Strangely, like the Reserve Bank Bill in its original form, the New Zealand Mortgage Corporation Bill left it open for

foreigners to own the institution. The rest of the wording of the sections about capital was the same as in the Reserve Bank Act, but the amendment which had been inserted in that Act at the instance of Mr. R. A. Wright, M.P., restricting share ownership to British subjects resident in New Zealand, had been somehow omitted. It is very difficult to think that this omission was accidental. Only £500,000 of capital was required: there was no necessity to go outside New Zealand for such a sum. Mr. Wright, as he had done in the previous case, thereupon moved to restrict ownership to British subjects ordinarily resident in New Zealand. The Government of the day did not reject Mr. Wright's amendment. It would have looked extremely strange if it had rejected such an amendment. What did the Government do? It accepted Mr. Wright's amendment—and then added words on to it that completely nullified it. As the law was enacted no individual other than a British subject ordinarily resident in New Zealand could own shares in the Mortgage Corporation, but any company, British or foreign, with a place of business in New Zealand could own shares to any extent. It was thus legally competent for the entire ownership of this corporation to pass into foreign hands, and even on some future war occurring for it to be found in the possession of the King's enemies. The sequence of events showed quite clearly that, for reasons not disclosed to the public, the Government then in office considered it essential that the law should leave it open for the ownership of this great corporation controlling immense areas of the farming lands of New Zealand to fall in part or whole into foreign hands. What was the meaning of this straw in the wind? Perhaps later in these pages we may see further into this. It is satisfactory to note that the new Government is resuming control of this institution also.

3. AN UNANSWERED QUESTION

When the Reserve Bank Bill was before the Legislative Council in November, 1933, Sir James Parr had charge of the measure as Leader of the Council and representative of the Cabinet therein. Sir James Parr, as a former High Commissioner for New Zealand in London, had been in contact with London financiers. In moving the Reserve Bank Bill he referred to Sir Otto Niemeyer in the following terms:

"He was born in England, and comes of four generations of men of his family born in England, and, therefore, full British subjects. I have sat, both at Geneva and in London, on important commissions with Sir Otto Niemeyer as one of the financial advisers to these commissions. Sir Otto I know to be a Britisher through and through, in his sentiments as loyal to the British Empire as you or I."

Now it so happened that the portion of this statement printed in heavy type was very difficult to reconcile with statements concerning Sir Otto Niemeyer to which the present writer had given publicity. He at once wrote to Sir James Parr pointing out the discrepancy between his own and Sir James Parr's statements, and inquiring whether Sir James had positive knowledge that Sir Otto Niemeyer came of four generations of men of his family born in England and therefore full British subjects. The letter proceeded:

"As this statement is difficult to reconcile with matter contained in a book in the Parliamentary Library and quoted by me in good faith in my book 'The Truth about the Slump,' and as I may shortly be issuing a new edition of this book, I shall be grateful if you will let me know whether you have positive information that what is contained therein is incorrect, as I am naturally desirous of having my facts as accurate as possible.

"On page ii of the appendix to my book I quoted matter from 'The Alien Menace' by Lieut.-Col. A. H. Lane (Boswell Press, London, 2nd edition, 1929) in which are reprinted extracts from what purports to be correspondence of the late Dr. Ellis Powell, then editor of the London 'Financial News,' with the late Mr. Bonar Law, then Chancellor of the Exchequer. Writing on December 18, 1918, Dr. Powell is stated to have asked Mr. Bonar Law whether certain Germans named Niemeyer who had ill-treated British prisoners of war had a near relative occupying a high position in the Treasury and married to a German wife. It is added that five days later Mr. R. M. Gower wrote in reply from Treasury Chambers, Whitehall, as follows:

" 'Mr. Bonar Law wishes me to inform you that the case of Mr. Niemeyer was recently considered by the Committee appointed by the Government to examine the cases of persons not the children of British-born subjects who are employed in Government Departments, and that the Committee had decided that it was in the public interest that

Mr. Niemeyer should hold the post which he occupies in the Treasury.'

"Colonel Lane added: 'Thereupon Dr. Powell wrote direct to Mr. Bonar Law two further letters in the second of which he pointed out that no answer had been given to his question whether Mr. Niemeyer of the Treasury was any relation "of the Germans referred to." At this point the correspondence seems to have ended. I now put to Sir Otto Ernest Niemeyer the same question. I make no reflection on the personal character and integrity of Sir Otto Ernst Niemeyer. I publish the above facts because I feel strongly that it should be known to the British people to what extent our Government services are directed by officials of alien extraction.'

"If your own statement is correct, and if the foregoing is correct, it seems an extraordinary thing that the case of Sir Otto (then Mr.) Niemeyer should have been referred for examination by a Committee set up to deal with the cases of persons in a different category altogether. Colonel Lane, in the third edition of his book, published last year, seems to have been as unsuccessful as Dr. Powell in obtaining an answer to his question. It is a legitimate inference that if Mr. Bonar Law had been able to say there was no relationship he would have done so.

"The circumstance prompting Dr. Powell's inquiry seems to have been the publication in the London Press of the report of the Government Committee, presided over by Mr. Justice Younger, on the treatment of British prisoners of war in Germany. This appeared in the London 'Times' of December 5, 1918, under the headings: 'Torture of our Officers. Twin Tyrants. Three Specimens of the German Brute.' It was strongly condemnatory of the conduct of Captains Karl and Heinrich Niemeyer, twin brothers, in command respectively of the prison camps at Holzminden and Clausthal in Hanover, in which were interned most of the British officer prisoners of war.

"Further reference to this matter is made in another book 'The Tunnellers of Holzminden' by Mr. H. G. Durnford, M.C., M.A., Fellow of King's College, Cambridge (Cambridge University Press, 2nd edition, 1930). On page 106 it is stated that the conduct of the two Captains Niemeyer was so bad that about May, 1918, the British Government, as a last resort, having failed to secure any redress, instituted reprisals

by segregating for special treatment all the Hanoverian officers among the German prisoners of war in Britain. On page 159 it is stated: 'Both the Niemeyers figured on the Black List [of War Criminals] communicated by the Supreme Council to the German Government during or after the Peace Conference.' On page 28 it is stated that the conduct of Captain Karl Niemeyer had been strongly condemned by the German War Office itself when he was in command of a prison camp at Strohen, but this had not interfered with his appointment to Holzminden. On page 35 it is stated that the reason for the high favour enjoyed by the Niemeyers 'was always something of an enigma,' and that according to a member of the Netherlands Legation they were under the personal patronage of the Emperor. 'Certain it is,' states Mr. Durnford, 'that despite the strongest representations ever since the departure of the first party for exchange to Holland—from British officers to the British General commanding in that country, from the General to the War Office, from the War Office back to the British Legation in Holland, from the Legation to the Dutch Government, and from the Dutch Government to Berlin—the pair stuck like leeches, and retired, by the back door, only at such an advanced period in the war that it had become evident that not even the patronage of the All-Highest was likely to avail them much longer.'

"In view of the strong stand taken by you in the past as Minister of Education on questions of nationality, as evidenced by your introduction of the practice of saluting the Flag in the schools, and your dismissals of certain teachers on points of loyalty, I take it that you have positive evidence that Sir Otto Niemeyer is not in any way related to the two Captains Niemeyer referred to above. Your speech as published, however, does not specifically cover the points referred to in Colonel Lane's book, and I shall be extremely grateful for information as to the actual position.

"Sir Otto Niemeyer's association with the disastrous American debt settlement as the principal Government official accompanying Mr. Baldwin on his ill-fated mission to the United States in January, 1923, and his membership of the Treasury Committee in 1925, on whose recommendation Mr. Churchill made the equally disastrous return to gold in that year, do not point to his possession of greater financial acumen than might have been obtained from a financial

adviser of our own blood and flesh. I certainly think it a most extraordinary thing that Mr. Bonar Law should fail to answer the plain and simple question put to him by Dr. Powell, and I hope that you will answer it. It is a very horrible thought that there should be any possibility of a high official in the British Treasury in the midst of a life and death struggle being the near relative of a pair of scoundrels against whom the British Government was actually taking reprisals for non-observance of the rules of civilized warfare."

The above letter was dated November 28, 1933. Sir James Parr replied under date of December 18. After quoting a long extract from his speech, he said:

"Apparently the sentence to which you take exception is the statement that: 'He comes of four generations of men of his family born in England, and, therefore, full British subjects.'

"When I made this statement I did so on specific information supplied to me by a Departmental Officer, and my statement was made in all good faith. I have since made enquiries by cable, and I find that Sir Otto Niemeyer was born in England and is a British subject. His father was a native of Hanover who came to England because his country was annexed by the Prussians, and he became a naturalized British subject. Further, it is quite clear that Sir Otto's mother was English by birth. On his mother's side the line is British for several generations at least. It would also appear that Sir Otto Niemeyer is not a Jew. There is no doubt that Sir Otto has a long record of distinguished public service, and has enjoyed, and still enjoys, the full confidence of English Governments and of the English financial world.

"I have no knowledge whatever regarding the other question, as to Sir Otto's relationship with certain German officers. But, as regards Sir Otto himself, I may repeat that I saw much of him in London in various capacities, and both his sympathies and his speech were as pro-British as yours or mine.

"With the modifications now made by me in one sentence only, the rest of my speech, I think, is correct."

The statement so emphatically made in Parliament by Sir James Parr as to the long British ancestry of Sir Otto Niemeyer thus proves to be an inaccurate statement. And the question asked by Dr. Ellis Powell and repeated by Colonel Lane remains an unanswered question. High finance is

international: but we do not want internationalism in the British Treasury in time of war. As to whether we had it in this particular case, Sir James Parr had "no knowledge whatever." We certainly had it in some other departments of State in curious instances which will presently come under our notice. The principle involved rises superior to all questions of personality. A straightforward question was asked by Dr. Powell, and a straightforward answer should have been given him.

4. THESE BROAD-MINDED DAYS

If we find distinct traces of internationalism—and an internationalism devoid of any conspicuous benefit—in the incubation and framing of recent legislation in this country, we must not be surprised to find it accompanied by indications of "broadmindedness" in other directions. The difference between the ordinary and the broadminded way of looking at things was succinctly put in a few pithy words in Joseph Conrad's strange chronicle of revolutionary intrigue "Under Western Eyes," written a quarter of a century back:

"History—not Theory
Patriotism—not Internationalism
Evolution—not Revolution
Direction—not Destruction
Unity—not Disruption."

Curious indications of leanings to the broad-minded side in unsuspected quarters will be found in plenty by anyone who takes the trouble to peruse that voluminous document containing the evidence given before the New Zealand Government Monetary Committee in 1934. We shall find there that in cross-examining witnesses advocating monetary reform the Conservative members of Parliament on the committee quoted with frequency a certain book which they appeared to regard as a sort of Bible on monetary matters. This was "What Everybody Wants to Know about Money" (Gollancz, 1933), the author of which is Mr. G. D. H. Cole, Reader in Economics at the University of Oxford.

Mr. Cole is a Socialist. He does not consider the social results he desires are to be obtained by monetary reform. In other books and speeches he has made clear the line of action preferred by him. In his book "The World of Labour," he

says that "the interests of Capital and Labour are diametrically opposed"; that " 'social peace' is a sham and a trick"; that matters can only be righted by "the overthrow of capitalist society." Mr. Cole emphasized his views in an address delivered to the British Socialist League as reported in the "New Clarion" of January 27, 1934. He said: "A classless society will never come from above, but only as the result of the working class toppling over the capitalist system from below." A Parliamentary victory would be quite insufficient: what was wanted "involves the direct and formidable class action of the workers in the mass."

People who do not keep themselves up to date may be surprised to know that a person holding such views as Mr. Cole holds is considered a fit and proper instructor for British youth at Oxford University. In passing it may be noted that Mr. Cole's numerous books on economics usually appear through the Jewish publishing house of Gollancz, whose publications make an interesting study. If the existing social order is violently overthrown, as Mr. Cole advocates, it will only be because the mass of the people are suffering want and privation. The existing order is capable of producing in abundance all that the people require. If they are unable to obtain what they require it is mainly because they lack the money to buy it. The problem is thus a monetary one. But if by monetary reform this state of things were remedied a violent overthrow of the existing social order would be most unlikely. It is a very striking fact that, taken generally, Communists and Socialists are as violently opposed to monetary reform as is the moneyed interest itself. Their *sine qua non* is not so much the betterment of conditions, as the violent overthrow of the whole present constitution of society. Destruction is the immediate objective.

It was curious to find Conservative members of Parliament treating with such deference the views of one who sees in formidable mass action of the workers to topple over the present social order the cure for the diseases of that order. The official spokesman for the Douglas Credit Association of New Zealand in commenting upon this fact in evidence before the committee remarked: "We are rather bewildered when a man professing to be a Socialist is yet a Communist and is used in support of the present system." At the same time this witness himself said: "I am a great admirer of Cole; I feel that if Douglas fails, we will have to revert to Cole:" and

again: "I admire Cole, and we may relapse into his philosophy if we fail."

It was furthermore noticeable that when the Monetary Committee came to draft its recommendations the Conservative majority (with one exception) appended their names to a report which almost completely ignored the evidence presented and enlarged at length on what might be achieved by a Planned Economy regimenting and controlling industry, the inference being that monetary reform was useless and Planning the only real cure. Advocacy of Planned Economy was also to be found in the evidence of Mr. Walter Nash in explaining his scheme for financing guaranteed prices by Government control of the external trade of the country. Mr. Nash was then a private member of Parliament but is now Minister of Finance in the Labour Government which came into office following on the elections in November, 1935. He deprecated the view that monetary reform was in itself a remedy for the national difficulties. "We have got to fit into a system of planned production," he said. Many leading questions as to the advantages of Planning were asked of witnesses by the Government economist attached to the committee as an expert, and at the time of writing on the staff of Mr. Nash as Minister of Finance.

A considerable literature has appeared in Britain of late expatiating on the merits of Planned Economy. Some of it is written by Conservatives and some by people of more radical tendencies. Articles in support of Planned Economy have appeared in the most Conservative London newspapers. Whence comes this Planning and what is its significance? At the moment it is sufficient to note that just as nothing was heard of reserve banks until after the establishment of the Federal Reserve system in the United States, so nothing was heard of Planning until after the Bolsheviks in Russia had formulated their Five Year Plan. The financiers put on the screw by taking money out of circulation and thus created want and discontent among the people. The Moscow Bolsheviks and their agents throughout the world then loudly affirmed that the only cure was a universal Communistic revolution. On that revolution not developing, another school of thought arises which asserts that we can only escape from our difficulties by adopting a Planned Economy. Is this view

sound, or is it a mistaken view? It seems that in the circumstances we should at least do well to sift out and understand all we can of the movement for Planning.

Before tracing out the developments abroad in the direction of Planned Economy and the personnel behind them, we shall in the next three chapters consider certain curious happenings immediately before, during, and after the Great War, for it is from the dislocations following on that great event that our most acute troubles spring.

Chapter II

ECHOES FROM THE PAST

1. THE MARCONI AFFAIR

THROUGHOUT the Great War a strong feeling existed in many quarters in Britain that some mysterious influence was at work preventing the nation from putting forth its full effort in that great struggle. Before examining the allegations made at this time it is necessary to bear in mind that immediately prior to the war feeling had run high in political circles in Britain over what was known as the Marconi Affair. This centred around Ministerial transactions in Marconi wireless telegraphy shares prior to and during a great stock-exchange boom in their value. This boom had followed the announcement that a contract had been negotiated between the Marconi Company and the Government for the erection of a chain of wireless stations through the Empire. The managing director of the Marconi Company at this time was Mr. Godfrey Isaacs, brother of Sir Rufus Isaacs, at the time Attorney General in the Asquith Cabinet. Immediately after the inquiry into the Marconi transactions Sir Rufus Isaacs was appointed Lord Chief Justice of England and presently raised to the Peerage as Lord Reading. Associated with Sir Rufus Isaacs in the Marconi transactions was Mr. Lloyd George, destined soon to play an even greater part in guiding British destinies.

Wireless telegraphy had attracted attention from 1899 onwards, in which year Signor Marconi had succeeded in transmitting messages across the English Channel. By 1904 a commercial service across the Atlantic had been opened, and by 1907, on the opening of a new trans-Atlantic station at Clifden, rates for wireless messages to America were fixed at

much below cable rates. Large financial interests became concerned in the new form of communication.

On January 25, 1910, Mr. Godfrey Isaacs was appointed managing director of the Marconi Company. According to evidence given before the Marconi Committee in 1913 by the late Dr. Ellis Powell, then editor of the London "Financial News," this appointment aroused conjecture in the City as Mr. Godfrey Isaacs had no experience in wireless affairs. The late Mr. L. J. Maxse, then editor of the "National Review," said in evidence with respect to Mr. Isaacs: "There is nothing in his somewhat chequered career to suggest his suitability for such a high and responsible position; it is not easy to discover successful concerns with which he had previously been associated."

One month later, in February, 1910, Mr. (now Sir) Herbert Samuel was appointed Postmaster-General in the Asquith Liberal Government. Mr. Samuel's relatives conduct the great international banking house of Samuel Montagu and Coy., of which the founder was his uncle (original name Samuel and created Lord Swaythling in 1907 by the Asquith Government). His cousin, the late Hon. Edwin S. Montagu, at a later date as Secretary of State for India originated the movement to give India democratic government.

In March, 1910, another month later, Mr. Rufus Isaacs, (brother of Mr. Godfrey Isaacs) was appointed Solicitor-General in the Asquith Ministry, and knighted, and in October following promoted to be Attorney-General.

The formation of the English Marconi Company had been followed by the flotation by it of subsidiary companies, such as the Spanish Marconi Company, the Canadian Marconi Company and the American Marconi Company. There was considerable speculative movement in the shares of these companies, wireless telegraphy being at this date a new venture, and according to evidence at the Marconi inquiry the shares of the various companies in the group rose and fell together.

A Parliamentary Committee inquired into the Marconi affair in 1913, and in the course of his evidence before it Mr. Godfrey Isaacs stated that his first interview at the Post Office with respect to a contract between the English Marconi Company and the Government was with Sir Matthew Nathan in January, 1911. The proceedings show that on February 13, 1912, a tender was submitted by the company for the

erection of a chain of wireless stations. The stations were to be owned jointly by the State and the Marconi Company; the company was to decide what machinery was to be installed: the State was to pay a lump sum down; and the Marconi Company was to get 10 per cent. of the gross receipts for a period of twenty-eight years. On March 7, 1912, Mr. Samuel, Postmaster-General, wrote a letter accepting the Marconi tender. On July 19 a formal contract for approval by Parliament was signed. Following on the announcement of the contract with the Government on March 7 a sensational boom in Marconi shares followed. In December, 1911, the English Marconi shares had made a startling rise from $2\frac{1}{4}$ to $3\frac{1}{4}$; in January, 1912, they rose to $4\frac{1}{4}$; and on April 19 they touched their highest point, $9\frac{13}{16}$, dropping early in May to 5.

In March, 1912, Mr. Godfrey Isaacs, accompanied by his chairman, Signor Marconi, and Mr. Percy Heybourn of the London stockbroking firm of Heybourn and Croft, had proceeded to the United States in connection with the affairs of the American Marconi Company, which was controlled by the English company. On April 1 Mr. Isaacs effected an agreement by which the powerful Western Union Telegraph Company undertook to act as agents for the receipt and distribution of messages by the American Marconi service. This arrangement was of great importance. In the United States the telegraph service is not conducted by the Government, but by private companies. Of these companies the Western Union was by far the most important and also had large interests in Atlantic cables. Its stock issues were floated by Kuhn, Loeb and Company, and Mr. Jacob H. Schiff, senior partner in that firm, was a director of it up to the time of his death in 1920. The Marconi Company thus became linked with the enormously powerful Kuhn, Loeb interests. In Mr. Ludwell Denny's "America Conquers Britain" (Knopf, London, 1930) much matter will be found relative to the interlocking control of world cables and telegraphs of recent years, and incidentally one encounters the assertion that Britain in the Far East by cable monopoly "tapped China's confidential official messages and learned the secrets of her American commercial rivals." This curious allegation with respect to communications control provides food for reflection.

In addition to making his valuable connection with the

Western Union, Mr. Godfrey Isaacs while in the United States attended to matters touching a suit pending by American Marconi against United Wireless, a rival American concern then in liquidation and with some of its directors in gaol. English Marconi purchased the assets of this company and resold to American Marconi for 1,488,800 fully-paid shares of \$5 (£1) each in the latter company. Signor Marconi then sold 500,000 of these American Marconi shares to Mr. Godfrey Isaacs at par, the deal, according to the evidence before the Parliamentary inquiry, being effected by word of mouth with no written record of any kind. Mr. Godfrey Isaacs next sold 350,000 shares from his parcel to Mr. Heybourn, who agreed to buy at par but said he actually paid $1\frac{1}{4}$ for 250,000 of them and more for the balance. Mr. Heybourn in turn presently sold to the public in London. The Conservative minority on the Parliamentary Committee reported that the account of these transactions was "not satisfactory."

At the beginning of April the party returned from the United States after having completed these extensive arrangements. Within a week fate had provided the world with an intensely dramatic demonstration of the value of wireless telegraphy. A few minutes before midnight on April 14 the White Star liner Titanic, while on her maiden voyage to New York, collided with an iceberg in mid-ocean and sank two and a half hours later with the loss of 1503 lives, only 705 of the 2208 persons on board being saved. The Titanic disappeared beneath the waters at about 2.20 a.m. on April 15, and by 4.10 a.m. the Cunard liner Carpathia, summoned by wireless, had raced at full speed to the scene and was busy picking up the survivors.

Four days after the loss of the Titanic American Marconi shares were offered on the London market by Messrs. Heybourn and Croft, to a public clamouring for them. The shares were started at $3\frac{1}{4}$, and immediately rose to 4, with buyers scrambling to secure them. The American Marconi Company had not at this date paid any dividend and the value of the shares was purely speculative. The boom was presently over, and within two months the shares were down to $1\frac{1}{2}$.

As the 500,000 shares taken over by Mr. Godfrey Isaacs had been bought at par, it was obvious, as was pointed out by witnesses at the inquiry, that a gross profit of about a million sterling must have been made by those concerned in their disposal at the height of the boom. As the total new issue of

American Marconi shares was 1,400,000, there were consequently 900,000 shares in existence over and above the Isaacs parcel. At the Parliamentary inquiry Lord Robert Cecil asked Mr. Heybourn: "Did you let the rest of the new issue, which would be 900,000, run loose, or did you try to get it under control?" The witness replied: "I did not try to get it under control. I had no opportunity." Asked where the 900,000 shares were, Mr. Heybourn said: "I have not the faintest idea." In face of this Mr. Heybourn admitted under pressure that he had fixed the market price of 3¼ at which the shares were offered to the public.

Following on this sensational but short-lived boom in Marconi shares, rumours were presently in circulation in London that Cabinet Ministers had made immense sums by dealing in them. In his evidence in April, 1913, Dr. Ellis Powell, who as editor of the "Financial News" was well qualified to speak on such a matter, told the Committee that rumours began to get about at the end of April, 1912. The rumours, Dr. Powell considered, "were obviously designed to support the shares." There was, he added, an immediate prevalence of reports that Mr. Godfrey Isaacs was the brother of the Attorney-General and "could do what he liked with the Government." Dr. Powell further asserted: "It has always been understood that immense dealings in English Marconis took place through Hamburg, the orders being sent there so as to defeat any attempt at inquiry into the identity of the operators." Dr. Powell said he had heard that Mr. Godfrey Isaacs had put the rumours into circulation to help the shares. No evidence was tendered at the inquiry, however, to establish the assertion that the rumours had originated in this manner. Their actual point of origin remained obscure.

By October 11, 1912, the rumours of Ministerial trafficking in Marconi shares—an extremely questionable proceeding in view of the important effect of the Government contract in enhancing their value—had become so pronounced that the matter was discussed in the House of Commons. It came up on a motion to appoint a committee to report on the proposed contract. Mr. Lansbury referred to outside talk of a stock exchange gamble by people with inside information. He hoped the Committee would not shirk this aspect.

Mr. Lloyd George interjected: "I hope there will be no shirking on the part of those who make the allegations."

Sir Rufus Isaacs (Lord Reading) in the debate said the first he knew of any Marconi contract was a few days before it was signed, when his brother mentioned to him at a social function that he was in negotiation for a contract, and hoped to get it. Referring to the newspaper rumours of share-dealing transactions, Sir Rufus Isaacs added: "I desire to say frankly on behalf of myself, that that is absolutely untrue. Never from the beginning when the shares were 14s or £9 have I had one single transaction with the shares of that company. I am not only speaking for myself, but I am also speaking on behalf, I know, of both my right honourable friend the Postmaster-General and the Chancellor of the Exchequer who in some way or another in some of these articles have been brought into this matter."

Mr. (now Sir) Herbert Samuel said that the stories that members of the Cabinet directly or indirectly bought shares in this company had not one syllable of truth in them. He added: "Neither I myself nor any of my colleagues have at any time held one shillingworth of shares in this company, directly or indirectly, or have derived one penny profit from the fluctuations in their prices. It seems shameful that political feeling can carry men so far, that lying tongues can be found to speak and willing ears be found to listen to wicked and utterly baseless slanders such as these. . . there is no uncleanness in any corner."

Mr. Lloyd George made no speech in the debate, and but one further interjection. Sir J. D. Rees in speaking said Mr. Lloyd George had improperly leant across during the debate and had advised Sir Rufus Isaacs not to reply. At this, Mr. Lloyd George interjected: "I did not." The Ministerial statements were regarded by the public as a positive denial of the rumours in circulation: these rumours nevertheless persisted.

The Parliamentary Committee of inquiry held its first sitting a fortnight later, on October 25, 1912. Despite the widely prevalent gossip closely touching their honour, and the examination of numerous witnesses with respect to the allegations, the Ministers concerned made no appearance before the Committee until the last week in March, 1913, five months after the inquiry opened.

On February 14, 1913, the Paris newspaper "Le Matin" published a London message in which a witness before the Committee was quite incorrectly reported as having said that

Sir Rufus Isaacs and Mr. Herbert Samuel had bought shares in the Marconi Company at £2 when it was negotiating a contract with the Government and that these Ministers had later sold the shares up to £8. Four days later "Le Matin" published a correction saying no such statement had been made before the Committee and apologising for what it had published.

An action for libel was brought against "Le Matin" by the two Ministers named. At the hearing on March 19, 1913, it was announced that the apology had been accepted. Sir Edward Carson, for the plaintiffs, said "every statement was false from beginning to end." The Ministers had not dealt in the shares of the English Marconi Company with which the Government had negotiated a contract. Sir Rufus Isaacs gave evidence that his sole dealings had been a purchase of 10,000 shares in the American Marconi Company, of which shares he had sold 1000 each to Mr. Lloyd George and to the Master of Elibank (created Lord Murray of Elibank in August, 1912). Lord Murray at the time of this transaction was chief Liberal Whip in the House of Commons. He resigned just before the inquiry to join the oil firm of Sir Weetman Pearson (Lord Cowdray) and at once proceeded to South America where he remained throughout the inquiry. In the inquiry the additional fact was revealed that Lord Murray had invested Liberal party funds in 3000 American Marconi shares, and did not hand the shares over to his successor as party treasurer, leaving them with his brother to hold until things cleared. It thus appeared that Ministers after all had been trafficking in Marconi shares, the inaccuracy being only as to the particular Marconi Company.

There was much speculation as to how "Le Matin" came to publish its incorrect report, for which the evidence itself gave no foundation. The "Daily Herald" went so far as to suggest that the "Le Matin" report was a "put-up job:" the inference being that it gave an opportunity for a voluntary statement by the Ministers concerned of dealings in American Marconis, instead of leaving the facts to be belatedly extracted from them on their appearance before the Parliamentary Committee. On this assertion being repeated by Lord Robert Cecil at the inquiry, it was denied by Sir Rufus Isaacs as "absolutely untrue."

In his evidence before the Parliamentary Committee on March 25, 1913, Sir Rufus Isaacs said no members of his own

household had had dealings in Marconi shares other than himself. As for his relatives generally he added: "I cannot go beyond that. I do not know. I have relatives abroad in Berlin, Paris, and places I cannot tell." He could have bought shares direct from his brother Godfrey, managing director of the English Marconi Company, at 1 1/16, but he had preferred to buy from his brother Harry at 2. He sold to Mr. Lloyd George and Lord Murray at 2. He had told Mr. Herbert Samuel and the Prime Minister, Mr. Asquith, of his transactions in July, 1912. His letter to the Prime Minister had been mislaid and could not be produced. Mr. Asquith had advised him to take no notice of the newspaper attacks. (This evidence is interesting as it shows that when Mr. Herbert Samuel spoke so emphatically in the debate on October 11, 1912, he had definite knowledge of Ministerial transactions in American Marconi shares.) Of the 10,000 shares he had purchased, Sir Rufus Isaacs stated that he sold 570 in the boom on April 19 and 1000 on May 3. In the course of the examination of Sir Rufus Isaacs he was questioned as to transactions in Marconi shares through the banking firm of Brown, Shipley and Company (in which Mr. Montagu Norman was a partner) but evidence was tendered to show that no transactions of importance in Marconis had taken place through this firm. Mr. Otto Schiff, of Bourke, Schiff and Company, brokers to Sir Rufus Isaacs, also gave evidence in connection with the transactions.

Mr. Lloyd George stated in his evidence that he had bought his 1000 shares as "an investment." He admitted that he had made no inquiry before purchasing as to the prospective earnings of the company and the probable dividends. He had sold all but 143 shares out of his 1000 three days after purchase and had made a profit of £749 10s by doing so. On May 22, 1912, he had bought 1500 more American Marconi shares, and when examined was still holding 1643 shares. "I meant it to be an investment," said Mr. Lloyd George in evidence, "and for a whole day I did refuse to sell."

Examination of Mr. Godfrey Isaacs's bankers revealed that in September and October, 1912, he had an account with about £150,000 to credit and drew out in notes of large denominations on different occasions during those months, sums of £10,000, £10,000, £8000, £10,000, £5000 and £10,000 respectively, making £53,000 in all withdrawn in notes. The purpose of these large transactions in notes remained obscure.

Mr. Heybourn, the broker who offered the American Marconis to the public on April 19, stated that prior to that date he had placed among his friends at 1 1/16 certain of the 350,000 shares he took from Mr. Godfrey Isaacs. As to the number so placed he said "I cannot answer"; it was "entirely my own business," and "not anything material to this inquiry." No information was publicly elicited.

Mr. Rice, the broker who had acted for Mr. Lloyd George, expressed the opinion that the shares were put on the London market at an altogether fictitious price. Usually shares were placed on the market by a public issue: he did not like a private issue such as had occurred in the case of the American Marconis. There had been a previous disastrous experience of a private issue in the case of the Barnato Bank [Jewish], and in it many people had burnt their fingers.

Asked by Sir F. Banbury why he had given Mr. Heybourn and his friends the opportunity of making half a million sterling, Mr. Godfrey Isaacs had replied: "I do not know what opportunity I am giving. I cannot foresee what is going to happen to any market." Was it not necessary in putting out the shares, asked Sir F. Banbury, that Heybourn's should be in a position to keep control of the whole of the market in American Marconis, and not merely their 350,000 shares? Mr. Isaacs replied that this was "a question we never took into consideration for one moment—not for one moment."

The Committee, which as usual in such cases had a Government majority on it, reported on June 13, 1913. Three reports were made. The majority report stated that "the charges made against Sir Rufus Isaacs, Mr. Lloyd George, and Mr. Herbert Samuel are absolutely untrue and that the persons who were responsible for their publication had no reason to believe them to be true."

A draft report prepared by the chairman, Sir Albert Spicer, but not adopted by the Committee, stated that if it had occurred to Ministers in the debate of October 11, 1912, to make a statement of facts as disclosed by them in the libel action against "Le Matin" much misunderstanding would have been averted and the labours of the Committee lessened. It was added that the Ministers acted in good faith and in the belief that the American company was in no way connected with the English company. The first purchase took place five weeks after the tender had been accepted, and could not have influenced the contract. The draft report further expressed

the opinion that the Ministers "would have been well advised" to have had nothing to do with the shares.

The Minority Report, presented by Lord Robert Cecil on behalf of the Conservative members of the Committee, expressed the opinion that Mr. Godfrey Isaacs's account of the transactions was not satisfactory: that the Government contract was an essential factor in the whole structure of Marconi finance: that the American company was founded by the English company, which until April, 1912, held a majority of the shares and appointed three of the five directors. Regret was also expressed that by a decision of the Committee "any real investigation" into the transactions in Marconi shares by Messrs. Heybourn and Croft, by far the largest dealers in them, was precluded. Ministers had conveyed an impression to the House of Commons that they had no dealings at all in Marconi shares, and "failed to treat the House of Commons with the frankness and respect to which it is entitled." While Sir Rufus Isaacs, Mr. Lloyd George, and Lord Murray were stated to have "acted with grave impropriety," it was added that "so far as we have been able to ascertain no Minister, official, or member of Parliament has been influenced in the discharge of his public duties by transactions in the shares."

Lord Robert Cecil added that "an uneasy impression prevails that perhaps even now the whole truth is not known, and this impression has been strengthened by the acceptance on the part of Ministers of an arrangement proposed to them by the majority of the Committee by which only the chairman and an expert were allowed to see the pass-books which Ministers had originally tendered for the inspection of the Committee, and by the very regrettable failure of Lord Murray to present himself for examination as a witness."

At the beginning of July, 1913, the Prime Minister announced in Parliament that the Marconi Company having repudiated the contract on the ground of undue delay by the Government in ratifying it, the Government did not intend to enforce the contract. This decision, the Prime Minister stated, had been reached solely in view of the legal difficulties in the way of enforcing a contract which had not been ratified by Parliament. This statement showed clearly that at the time of the Ministerial share transactions the contract with the Government was not complete. On August 8, 1913, a new Marconi contract, similar to the original but with some modifications, was ratified by the House of Commons by 210 votes to 138.

Considerable comment was caused by the disclosure by Sir Rufus Isaacs in evidence in a case brought against Mr. Cecil Chesterton, editor of the "Eye-Witness," that at the beginning of the Marconi inquiry in October 1912, he had privately told certain Government members of the Parliamentary Committee of his own, Mr. Lloyd George's, and Lord Murray's transactions in American Marconis.

2. A RAPID RISE TO GLORY

The foregoing outline shows that the inquiry into the very remarkable circumstances surrounding the issue and disposal in 1912 of 1,400,000 American Marconi shares got very little further than the history of the 10,000 shares bought by Sir Rufus Isaacs from his brother, Mr. Harry Isaacs. Little light was thrown on the disposal of the rest of the 500,000 shares in the hands of Mr. Godfrey Isaacs, and no light whatever on what happened to the remaining 900,000. The London "National Review" of September, 1913, said: "Experts estimate that so far we have only extracted about ten per cent. of the Ministerial Marconi speculations. This we can well believe." The only other Minister to appear before the Committee was Mr. Winston Churchill. Dr. Ellis Powell in giving evidence had been asked to state exactly what rumours he had heard in circulation. Under pressure by the Committee he said he had heard rumours of Mr. Churchill having had dealings in the shares but he did not believe the rumours. Mr. Churchill thereupon made a dramatic appearance before the Committee, denied the rumours, and called Dr. Powell a coward for mentioning them in reply to the questions put to him.

In October, 1913, the office of Lord Chief Justice of England falling vacant, Sir Rufus Isaacs was appointed thereto, and on New Year's day, 1914, he was raised to the Peerage as Lord Reading.

On November 12, 1913,—a month after the elevation of Sir Rufus Isaacs—the Committee of the London Stock Exchange passed a resolution condemning "in the strongest terms the manner and method of the introduction of the shares of the Marconi Telegraph of America in the Stock Exchange." The resolution declared that Messrs. Heybourn and Croft—brokers acting in conjunction with Mr. Godfrey Isaacs—were

guilty of a breach of trust to the brokers who left orders with them for execution at the opening of the market on April 19, 1912. The Committee of the Stock Exchange further resolved that the partners in Heybourn and Croft "be suspended from entering the Stock Exchange for five years from the 17th instant."

The appointment of Sir Rufus Isaacs to be Lord Chief Justice of England in the foregoing circumstances naturally provoked considerable comment, in some quarters of the most outspoken character. The London "Times" went no further than to say that it was "a great misfortune that an absorbing controversy should have brought hesitation and discord into what otherwise would have been a unanimous chorus of approval."

The "Spectator" in its issue of October 10, 1913, said of the new Lord Chief Justice: "Is it possible for any truthful defender of his conduct to say that he acted with the delicacy, the discretion, the candour, the sincerity towards the House of Commons which should be found in the holder of the highest judicial office? He set a bad, not a good, example to the servants of the State, and he had no excuse of ignorance to plead, for he knew the Stock Exchange, the law, and the proper way of acting in cases of Parliamentary and semi-Parliamentary inquiry." His appointment the "Spectator" declared to be "a grave injury to the public interest," and no one could say that "the office has been well and wisely filled."

The "National Review" in its issue of December, 1913, described the appointment as "affronting public opinion," as "grossly improper," and as "approved, so far as we have observed, by no single person whose opinion is of the smallest value in any party."

The swearing-in of Sir Rufus Isaacs as Lord Chief Justice on October 21, 1913, was presided over by Lord Haldane as Lord Chancellor. Of that ceremony the "National Review" said in November, 1913: "He (Lord Haldane) made every right-minded man among his audience shiver, and, happily for the reputation of the Bar, one of its members (Mr. C. L. Hales) had the manliness to tell the Lord Chancellor to his face, 'Speak for yourself, Lord Haldane,' when the latter, not content with a conventional eulogy of Sir Rufus Isaacs' forensic abilities and professional reputation, went out of his way to challenge the community by declaring,

'We have known him as a man of the highest honour and of the highest desire to seek out and know the truth.' "

The London "Morning Post" in a leading article on January 22, 1914, dealt with the Marconi affair, pointing out that one Minister "now Lord Chief Justice of England actually lobbied two members of the court which was enquiring into his conduct." The "Morning Post" added:

"If these secret practices of Ministers had been committed by some wretched underpaid petty officer in the Navy, or clerk in the Civil Service, we need not say what would have happened to him. . . There would have been no question at all about his motive: the contract on the one side and the shares on the other would have been quite sufficient evidence This country has taken a big step on a downward road, along which other democracies have walked before, a road which leads to a stage in which public honesty is regarded as singular, and where political parties and Press unite in a common conspiracy to hoodwink the public, while the public on its side admits with a weary cynicism that nothing can be done because there is no soundness left on which to build. If we have not reached that stage yet, we have taken a definite step in that direction."

Less than a year after these events the Great War broke out in August, 1914. Despite his highly international family relationships—"I have relatives abroad in Berlin, Paris, and places I cannot tell," Lord Reading had told the Marconi Committee on March 25, 1913—the new Lord Chief Justice at once stepped down from the Bench to lend his services. The "Encyclopædia Britannica" tells that on the outbreak of war Lord Reading "assisted in the drafting and administration of those measures which saved England from financial ruin." The nature of some of these measures we shall consider later. In 1917 Lord Reading proceeded to the United States, the finances of which country during the war were, according to the letters of Sir Cecil Spring-Rice, British Ambassador at Washington, dominated by the Jewish bankers, and in particular by Mr. Paul Warburg, partner with Mr. Jacob H. Schiff in the international banking-house of Kuhn, Loeb and Company. Lord Reading in the United States negotiated the British debt to America, signing documents which pledged Britain to repay in gold on demand a sum that eventually rose to over £900,000,000, Great Britain never having at any stage possessed more than about £200,000,000

in gold, and the undertaking to which the nation was pledged by Lord Reading being wholly impossible of fulfilment.

From 1921 to 1926 Lord Reading was Viceroy of India and was closely associated with the constitutional changes inaugurated by Mr. Edwin Montagu as Secretary of State for India, changes designed in Mr. Montagu's own words to stir "the placid, pathetic contentment of the masses" of that country, and which have proved effective in that respect.

In the financial crisis of 1931 Lord Reading with Sir Herbert Samuel (cousin of Mr. Montagu) took a leading part in bringing about the extraordinary alliance between the British Conservative Party and the Ramsay MacDonald Socialists. After the death of the first Lord Melchett (a Jewish peer, formerly Sir Alfred Mond), Lord Reading became the head of Imperial Chemical Industries, the giant combine controlling the principal chemical resources of the British Empire. Lord Reading in later years was Warden of the Cinque Ports, and there was some comment in 1934 on the fact that during his residence at Walmer Castle as Warden the sitting-room which with the bedroom opening off it had been preserved as mementoes of the Duke of Wellington, who died there in 1852, had been converted into a boudoir for Lady Reading. Lord Reading died in January, 1936.

The late Mr. Godfrey Isaacs in 1922 promoted the British Broadcasting Company, Ltd., which company was given a monopoly of broadcasting by the Postmaster-General, Mr. Lloyd George's friend, Mr. F. J. Kellaway. (References to the nature of B.B.C. propaganda will be found in a later volume). Mr. Harry M. Isaacs, another brother of Lord Reading concerned in the Marconi affair, afterwards managed and controlled the British Cellulose and Chemical Manufacturing Company, one of the largest manufacturers of chemical products in Britain.

Lord Reading was the son of a London city merchant. Before taking up law he was a stock broker. In the "Patriot" (5/4/32) it is stated: "His early experiences on the Stock Exchange where he had the misfortune to be 'hammered,' and the knowledge he acquired of business methods from his uncle, Sir Henry Aaron Isaacs, and from Horatio Bottomley, stood him in good stead when dealing with persons of the Whitaker Wright type." In "The Fine Old Hebrew Gentleman," by T. W. H. Crosland (Werner Laurie, 1922) it is related that in the London "Daily Express" at the time of

Sir Rufus Isaacs's appointment as Lord Chief Justice its editor Mr. R. D. Blumenfeld (himself a Jew) pointed out that in 1879 Rufus Isaacs entered the Stock Exchange. He would be obliged in ordinary course to declare "I am a British subject and of age." According to all reference books he was born in 1860. In 1887 in the marriage register he gave his age as 26 years. The question was asked, "Did Sir (then Mr.) Rufus Isaacs make such a declaration? If he did not, how did he become a member of the Stock Exchange?"

Mr. Lloyd George, like Lord Reading, was a lawyer by profession. In comments on the Marconi affair in the issue of the "Patriot" just previously quoted it is related that Mr. Lloyd George had been among other things solicitor to the Zionist organization in England. In December, 1916, Mr. Lloyd George succeeded Mr. Asquith as Prime Minister, holding office until October, 1922. Throughout the greater part of his career Mr. Lloyd George had close Jewish associations, and the pronounced Jewish complexion of the Lloyd George Ministries was more than once the subject of Press comment in Britain.

Sir Herbert Samuel has held many different portfolios. He has several times filled the office of Home Secretary, administering in this capacity the Aliens Act and the naturalization laws with control of the admission of foreign Jews and their conversion into British citizens. In 1920 he was appointed first High Commissioner for Palestine, having from 1916 onwards taken a leading part in the Zionist movement which will be described in a later volume. In the financial crisis of 1931 Sir Herbert Samuel played a leading part on the Liberal side in the formation of the National Government, and was made Home Secretary in it. He sponsored legislation in 1931 for the Sunday opening of cinemas, enabling this Jew-controlled industry to make money on the Christians' Sabbath.

The remaining principal figuring in the Marconi affair was Lord Murray of Elibank, at the time of the transactions Chief Whip of the Liberal Party and as the party treasurer a person of great influence in its councils. The absence of Lord Murray in South America throughout the Marconi inquiry was the subject of caustic comment in certain journals. He appeared in March, 1914, before a Committee of the House of Lords. On the disclosure of the investment of Liberal Party funds in Marconi shares the "Spectator" on

June 6, 1913, remarked: "Where is this going to end? If accident can have disclosed so much, what may not accident be concealing?" The "National Review" (October, 1913) remarked: "Lord Murray last August suddenly became a brilliant ornament of Pearson and Company without any previous experience of oil." In December, 1913, the "National Review" asked: "Why did Mr. Murray, Master of Elibank, suddenly retire from the office of Chief Whip on August 7, 1912? Why was he made a peer, seeing he had taken the precaution to have his father made a peer at the King's Coronation the previous year?" (Mr. Murray, Master of Elibank, was raised to the peerage as a baron in August, 1912).

Referring in January, 1914, to the connection of Lord Murray with the great contracting and oil firm of Pearson and Company—of which the head, Sir Weetman Pearson, afterwards Lord Cowdray, in 1917 became chairman of the Air Board—the "National Review" said in February, 1914: "Lord Cowdray, who was created a peer while Lord Murray was Chief Whip, has been described as the 'universal provider' of the Radical Party. Though like most phrases it is probably an exaggeration, it is noteworthy that besides providing a directorship or partnership at a very large salary for the Master of Elibank (Lord Murray) when the Fenner fiasco and the Marconi flutter compelled him to retire from public life, the house of Pearson is understood to have found a billet at an opportune time for the brother-in law of one Cabinet Minister, while Mr. Lloyd George, junior, is likewise a member of the same house in some capacity or other."

In its issue of January, 1914, the "National Review," one of the most trenchant and unsparing critics of the Marconi affair, said: "We have never been permitted to know whether Mr. Asquith was a Marconi speculator during any period of the Post Office negotiations. We only know his publicly expressed approval of the conduct of Messrs. Lloyd George and Co. in doing what they did, and his enthusiasm for the manner in which they concealed it from the public."

Seven months after these words appeared the British Empire was plunged into war.

3. FAIRY AID FOR THE KING'S ENEMIES

The course of the Marconi Affair has been narrated at some length for several reasons. In the first place, it was remarkable for its strong Jewish atmosphere: for the first time Jewish political activity came to be widely regarded in a highly unfavourable light by wide sections of the British public. It followed fairly closely on the Panama and Dreyfus Affairs in France which had attracted world-wide attention. In the former vast sums subscribed by the French public for the construction of the Panama Canal had disappeared under Jewish auspices in bribery and corruption, numerous high political personages being implicated. In the latter there was a much-disputed charge of treason against a member of a wealthy Jewish family serving as a major in the French army, ending after innumerable hearings in a finding of not guilty after a period of incarceration on Devil's Island. It was against this background that thoughtful people contemplated the developments in the Marconi Affair and recognized the existence of a Jewish Question in the British Empire.

A second reason for devoting attention to the Marconi transactions is the great and important part played in subsequent British history by the leading actors therein, and their influence in shaping the conditions in which we live to-day. To understand the nature of the influences at work in the world it is necessary to trace out the whole intricate sequence of events: and we must not be deterred because there is much in those events that it would be pleasanter to forget.

Finally, the Marconi affair is of importance as showing pre-war circumstances causing distrust and disquiet, and soon to be followed as the war progressed by the increasingly wide prevalence of a belief that some impalpable influence was at work. The first circumstance to arouse indignation was the fact that after the declaration of war the Government allowed enemy reservists in Britain some days in which to return to Germany and Austria. The "Morning Post" in a leading article quoted by Mrs. Nesta Webster in "The Surrender of an Empire" (Boswell Coy., 1931) declared that "the enemy was in fact presented with an army corps from England." At the same time the Navy was forbidden to capture reservists returning to enemy countries from abroad.

Aliens were allowed to become naturalized and to supplant in their business Englishmen who had gone to the war. The efforts made to supply the Army with munitions were pathetically inadequate.

The late Lord Sydenham who had held the position of secretary of the Committee of Imperial Defence, and who had just returned in 1913 from a period of service as Governor of Bombay, wrote as follows of events at this time in his autobiography "My Working Life" (John Murray, 1927): "The Asquith and first Coalition Governments. . . had showed extraordinary leniency towards the subjects of belligerents. Prominent persons were allowed to be naturalized, German businesses were very slowly and not always effectually wound up, and India appeared to be immune." It was, in fact, not until July 18, 1916, that the Government under pressure announced ordinances on these matters for India—nearly two years after the outbreak of war.

"As late as July 8, 1918," added Lord Sydenham, "I informed the House [of Lords] that 'there were three great German banks in the city not yet wound up.' . . The managers who are free to walk about London are extremely able Germans who have a very great deal of very secret knowledge." The conclusion reached by Lord Sydenham as to these war-time proceedings was that "anyone who carefully watched what went on could not avoid the impression of a certain impalpable tenderness to German interests which has never been explained. No reciprocal consideration was visible in Germany."

The inadequacy of the blockade of Germany caused much anxiety. On October 21, 1915, Lord Sydenham directed attention in the House of Lords to the fact that "great stores of cotton and other necessities of war had passed into the enemies' hands." Mrs. Webster, in her book, notes that no answer was ever made to the charges in this respect made in Admiral Consett's book "The Triumph of Unarmed Forces" (Williams and Norgate, 1923), which book was largely boycotted; and relates how Lord Sydenham in the House of Lords on June 27, 1923, vainly tried to have the matter threshed out there, asserting that: "Behind Admiral Consett's revelations lie scandals which will never be revealed."

In passing it is worth noting that a curious statement is made by Prince Francis Joseph of Hohenzollern in his book

"Emden" (Herbert Jenkins, 1928). Shortly after the outbreak of war the German cruiser Emden in which the Prince was serving met the German liner Princess Alice at the Pelew Islands. It is related that the Princess Alice was en route from Singapore to Hong Kong when war broke out and was carrying £850,000 in gold to the latter port for the Indian Government, which gold on the outbreak of war duly became German property and was safely landed by the Princess Alice in the neutral port of Manila. If this is correct it would be interesting to know just what official of the Indian Government was responsible for shipping this large quantity of gold in a German liner in face of the European crisis, and thus in the event conveniently providing Germany in the Far East with nearly a million in ready money. One would like to know whether this British Government gold, by any chance, was helpful in keeping the German raider Emden going until November 9, 1914, and the Scharnhorst, Gneisenau, and their attendant cruisers also until their still later despatch. In view of the abundance of British shipping between India and China the despatch of Government gold by a foreign vessel appears to a layman a most peculiar proceeding.

The memoirs of Mrs. Asquith (later Countess of Oxford) revealed that she and Mr. Asquith had an extensive circle of Jewish friends. Mr. Asquith was especially intimate with Sir Edgar Speyer, the eminent international financier, a naturalized German-born Jew, a baronet and Privy Councillor. This intimacy was the occasion of so much discussion that on May 17, 1915, Sir Edgar Speyer wrote to Mr. Asquith saying that hitherto he had "kept silence and treated with disdain the charges of disloyalty and suggestions of treachery" made against him in the Press and elsewhere, but matters had gone so far that he felt it due to his personal dignity to retire from all public positions. He therefore asked that his resignation of his baronetcy and Privy Councillorship might be accepted. Mr. Asquith in reply characterized the imputations against Sir Edgar Speyer as "baseless and malignant" and stated that the King was not prepared to take any steps such as suggested. In 1915 Sir Edgar Speyer removed to the United States and remained there. His brother Mr. J. J. Speyer was American head of the firm of international financiers of that name, and was apparently the Speyer in whose office (as the British Ambassador in Washington remarked in a letter in

January, 1914) Count Bernstorff, German Ambassador to the United States, had placed his son.

On December 14, 1921, three years after the war was over and the damage done, the London "Times" recorded that Sir Edgar Speyer's certificate of naturalization had been revoked and his name struck from the list of the Privy Council. The reasons given in the Gazette notice were that Sir Edgar: "(1) has shown himself by act and speech to be disaffected and disloyal to His Majesty; and (2) has during the War in which His Majesty was engaged, unlawfully communicated with subjects of an enemy State and associated with a business which was to his knowledge carried on in such manner as to assist the enemy in such war."

Speaking with reference to the London head of another firm of international financiers, J. Henry Schroeder and Company, Lord Wittenham said in the House of Lords on July 26, 1918: "Baron Bruno von Schroeder had been in this country for years before the War. He was a very notable, prominent business man, a great discounter of bills, a great foreign banker. He had never taken the trouble to go through the solemn form of naturalization. . . War came, and suddenly Mr. McKenna (Home Secretary) discovered that Baron Bruno von Schroeder was absolutely necessary to the financial stability of this country. . . The 'Neue Freie Presse (Vienna) said . . . 'If he had not been naturalized he would have been shut out from the support action of the Bank of England at the beginning of the war, and although perfectly solvent would have had to declare himself unable to pay; that again would have meant a shattering upheaval of the whole city.' . . So Mr. McKenna naturalized him." According to the London "Fascist" (June, 1935) the Baron is Jewish.

As noted, the "Encyclopædia Britannica" is authority for the statement that the late Lord Reading on the outbreak of war "assisted in the drafting and administration of those measures which saved England from financial ruin." The Encyclopædia proceeds to explain that: "The most sensational of these was the granting of the British guarantee to the great accepting houses to bills amounting to many hundreds of millions." These accepting houses are clearing houses for international bills of exchange and are mostly conducted by Jews of German origin. Mr. Lloyd George refers to these proceedings in his "War Memoirs" (vol. iii. 1934), saying: "Throughout these conferences I found Lord

Reading's aid invaluable. His knowledge of finance, his mastery of figures, and his calm and sure judgment helped at many turns. . . . We guaranteed about £500,000,000 of securities in respect of debts overseas—some of it on enemy security. . . . Among those whose advice I sought was Lord Rothschild."

What brought England to the verge of financial ruin at the beginning of the Great War? Some account of financial conditions in the City of London at this time is given in a little book, "Britain's Crash and After" (Athenæum Press, London, 1934), written by Mr. A. S. Baxendale, formerly general manager of the Pacific Cable Board. Mr. Baxendale says:

"The story of the part played by our money merchants in supplying means whereby the Central Powers became possessed of vast stores of hitherto unheard of quantities of war munitions in 1914 was thus told in 'Fairplay' by Moreton Frewen. (I would mention that Moreton Frewen was a publicist whose 'inside' knowledge of financial transactions in Europe, America, and India was probably unequalled and it was to him that J. L. Garvin, of the 'Observer,' addressed the remark: 'You have had all the ideas of your time, and your only trouble is that you have always been in advance of it.')

" 'During the two years before the war,' Frewen wrote, 'it had been a matter for general comment on all the Bourses of Europe that Germany had been buying immense sums of gold at a premium. I mean that Berlin was paying more for the bullion she bought here than the price indicated by her own exchange quotations. That very fact, had it stood alone, should have convinced our financiers that Germany intended war, and that she was draining London, the only "free market" in the world for gold, of that metal which, since 1873, is the real sinew of war. But I pass over these great gold purchases by Germans because in that the question of exchange is involved, and the exchange question few so much as desire to understand.

" 'But what was it that happened, and in what may be called the War Stores Market, between January and August, 1914? When it is properly investigated, as it will be, that investigation will, I am certain, sound the death-knell of this cosmopolitan credit-mongering built up in the City of London, and synchronizing with and growing out of our "Free Trade" experiment. How then did Germany mobilize her

finances of war during those six months? I hope I may be able to explain it in language that your varied readers may be able to follow, for it discloses the most wonderful tale of grand larceny in all the world's history—a tale, too, which is certain to attract imitators.

“ ‘Now this is what actually occurred: Germany, of course, needed for her impending war immense supplies of lead and spelter, copper and nickel—these are the products of Canada, Australia, Africa; also cotton from Egypt, and wool from Great Britain. These are bought, not for cash, but with promises to pay three and six months after delivery in Berlin. Such is the method of the Great International System. Now mark the sequel! Germany had against these “scraps of paper” (politely called “bills” in the jargon of the City) war munitions supplied by our Empire to the value of £200,000,000—the amount of the indemnity paid by France to Germany in 1871!

“ ‘Germany, as I say, has had this huge sustenance fund from England, and had it before ever a shot was fired at all. But I can hear a seller from Broken Hill say, “That was not the way my lead was paid for!” No, but the actual method was this: Berlin had branches of three of the greatest of her banks in London. As fast as Berlin's banks gave these promissory notes to our Colonial sellers, they were sent to the London branches of the Berlin banks. These branch banks next passed on the “bills” to the amount of two hundred million sterling to the dozen great discount houses, the whole length of Lombard Street. Of course, if the Berlin banks failed to meet these bills when due, all Lombard Street, the Bank of England included, must stop payment. The German Government relied on this pretty conspiracy of their financial experts to keep England out of the war altogether. . . . We are destined in these days at hand to hear much subsidized applause of the national virtue of England's “free gold market” and of the profitable nature of British bill-broking with German bills; but I believe the public opinion of to-morrow will challenge all these statements. Such profits go to the “profiteers,” while the losses are saddled on the taxpayers. But think of the frightful peril of it all—which indeed is the peril of every section of the British Empire itself! It is inconceivable that we shall, after the conclusion of peace, permit this traitorous cosmopolitan bill system to be again built up, so that once more we may be fined two hundred millions by the enemy before ever a shot is fired!”

Mr. Baxendale continues: "On this occasion the suspension of the Bank Act alone would have been quite ineffectual to remedy the financial havoc wrought by the British money merchants in their role of Fairy Godmother to Britain's enemies.

"In addition to the suspension of the Bank Act a moratorium (a 'moratorium' is a temporary legal authorization to defer payment of outstanding debts) was declared between August 2, 1914, and November 4, 1914, and the banks were supplied with notes on loan with which to carry on business. The amount lent to the needy bankers and discount brokers was £58,000,000. The notes which the Treasury issued for this purpose were then known as 'Treasury' and later as 'Currency' notes. They were, of course, full legal tender. . . The original issue of these notes was forced on the Government as being the only way in which the banks could be saved from the dire results of their support of the Central Powers on the eve of war."

As we shall see at a later stage, no steps were ever taken to prevent the cosmopolitan discount market in the City of London from again acting as Fairy Godmother to the King's enemies on the outbreak of another war. The steps that have been taken are of an exactly contrary nature. By the establishment of a net-work of privately-owned central reserve banks throughout the Empire institutions have been provided which are open to be stuffed to the roof with foreign commercial paper. Under the New Zealand Reserve Bank Act, as we have already seen in the previous chapter, the entire reserve held by the bank may lawfully consist of foreign bills of exchange. Instead of one Fairy Godmother for the King's enemies, there are now half a dozen possible Fairy Godmothers scattered through the Empire by the international financiers. What happened in 1914 is likely to be a flea-bite to what will happen when the stage is set for the next war.

4. "THE HIDDEN HAND"

As the war progressed, the conviction grew steadily that some "Hidden Hand" was at work. By July, 1918, popular clamour had at long last resulted in a Status of Aliens Bill being brought before Parliament. In the debate on it in the

House of Lords Lord Stuart of Wortley described as "ridiculous and fatuous in its optimism" the Government announcement at the outbreak of war that every spy had been rounded up. Lord Wittenham referred to the "subtle, indescribable influence" which seemed in turn to paralyse every Home Secretary. Admiral Lord Beresford declared that there was an influence behind these aliens. What it was he did not know. The sooner they got to the bottom of it and found out what it was the better. On July 8, 1918, Lord Beresford had said: "It must be remembered that all these magnates are very rich, and are all international financiers. This is one of the great difficulties—the power of the international financiers—that we shall have to meet after the war." The existence of a Hidden Hand, Mrs. Webster relates in summarizing the debate in her book, was stoutly denied by leading Liberals such as Lord Finlay (Lord Chancellor) and Lord Buckmaster. But even a Liberal, Lord St. Davids, protested strongly against the view of Lord Buckmaster, saying incidentally: "I used to think that the soft way with which these Germans were handled in Great Britain was carelessness, that it was softness of heart, but, frankly, I am getting suspicious myself, very suspicious."

Dr. Ellis Powell, editor of the London "Financial News," who had taken a leading part in directing public attention to the Marconi affair, was a persistent agitator throughout the war for a full investigation into the nature of the "Hidden Hand." Besides ventilating the matter in the journal he edited, Dr. Powell addressed numerous meetings. One large gathering at which he spoke was that held in the Queen's Hall, London, on March 4, 1917. This hall, seating 3000 persons, was crammed to the doors and the street outside was congested with persons unable to obtain admission. A leaflet of 12 pages containing a verbatim report of Dr. Powell's address was reprinted from the "Financial News," and from it the following extracts are taken. The meeting—which was soon after followed by another at the Cannon Street Hotel under the chairmanship of Lord Fyvie of Leith, with many prominent persons in attendance and unanimous resolutions at its close—was held under the auspices of the Women's Imperial Defence Council, the chair being occupied by Mrs. Parker, sister of the late Lord Kitchener. After speeches by Dr. Powell, Mr. Arnold White and Mr. A. G. Hales, a resolution was carried by acclamation requesting the

appointment of a Royal Commission "to make a full investigation as to the identity or identities of that treacherous influence in our midst known as the 'Hidden Hand.' " Another resolution urged that the Government should at once dispense with the services of all persons in the Foreign Office who had married German subjects or had any German connections.

As editor of one of Britain's leading daily financial newspapers, Dr. Powell was in a position to speak with more than ordinary knowledge on financial matters. That he spoke under a considerable sense of responsibility was indicated in the course of his address. "You may wonder," he said, "why I don't speak to you, as I should prefer to speak, heart to heart, from the inspiration of a few rough notes, instead of employing prepared language. The reason is at once simple and stupefying. In this supreme crisis in our history an Englishman is not permitted to speak to his fellow-countrymen and countrywomen without the ever-present risk of naturalized German writs. Lawyers employed by a dozen wealthy pro-Germans and naturalized Germans will scan every word I utter to see, if by some technicality, some subtle legal trickery, they can either shut my mouth while trickery is consummated, or at any rate crush me by the aid of pro-German influence in eminent legal circles."

It is a far cry from 1935 to 1917, but much of what Dr. Powell said is well worth recalling in the light of after events. The influences described by him as "German" and "pro-German" might in many cases have been equally well defined as Jewish. They were international influences, of no more real benefit to the German people than the British, and there is evidence that they operate as powerfully to-day as they did through the war. Having said so much, let us listen awhile to this voice from the past. In the course of his address Dr. Powell made the following statements:

"At the beginning of the war many thousands of German reservists were allowed to return to Germany though our Fleet could have stopped them.

"German individuals, firms, and companies went on trading merrily in British names, collecting their debts, and indirectly, no doubt, financing German militarism. Look at the case of Augener's music business. The German who owned the bulk of the shares was allowed to sell for promissory notes. . . . At the very moment when Germans were destroying our property by Zeppelin bombs we were

actually paying them money instead of taking their holdings as part compensation for damage done. John Bull was not allowed to take any steps to stop that scandal. . . . In January of 1915 came that vicious decision by Lord Reading (Sir Rufus Isaacs) and the Appeal Court, according to which the Kaiser and Little William, Limited, was a good British company, capable of suing the King's own subjects in the King's own courts. Eighteen months elapsed before that monstrous judgment was over-ruled and pulverized by the House of Lords. Some lurking influence or other prevented the instant passing of an Act to remedy the blunder of Lord Reading and his colleagues. The so-called 'British' company, composed of German components was left in obscene triumph for eighteen months . . . Not until 1916—two years after the war broke out—was power given to wind up enemy businesses. Why was it not given earlier? Because the Unseen Hand intervened.

"Quite lately you have had a Registration of Business Names Act, which professes to bring the alien into the open. But it does nothing of the kind. The naturalized alien, by the simple process of registering himself as a 'British' company, can hide his alien head from our scrutiny. Do you suppose the draftsman of the Act accidentally left it with that fatal flaw? He would not have dared to do so, any more than your ironmonger would have dared to make you a copper kettle without a bottom. By some means or other that flaw was designedly left in the Act. . . .

"The ever-recurring strikes have not been accidents.

"The continued presence of pro-German M.P.'s in that degenerate assembly known as the House of Commons is not an accident. A vigorous patriotic assembly would have pitched them into the street long ago. . .

"When Sir Edgar Speyer's Privy Councillorship was protected by the lavish waste of your money in the law courts was that an accident?

"The uninterrupted activity in this country of the Frankfort Metal Octopus is not an accident. The late Government bamboozled you with vain talk about 'eliminating' the German element from Merton's, one of the firms associated with the Frankfort Metal Octopus. Why! Oscar Langenbach has only been replaced by Oscar Lang—and Heinrich Schwartz has only disappeared to give place to

Harry Ferdinand Stanton, the same man under another name! Do you think that species of 'elimination' is an accident, or is it deep design, elaborated to mock you, to deride you, to flout you, to defy you? . . .

"It would be possible to spend the whole evening in the consideration of instances. . . Let me analyse one lurid case, which has stirred public indignation and anger to its depths. I mean the impudent survival of the German banks. We have now been at war nearly three years. Yet their doors are still open. If peace were to eventuate within the next few weeks those banks . . . could affirm that they had from start to finish of the war successfully defied John Bull to do his worst.

"In fact the truth goes further than that. Sir William Plender, who is supposed to be winding them up, told his supervisors to find out if the banks had been shipping abnormal quantities of securities and bullion to the Continent within a few days of the outbreak of war. The supervisors reported that they had found no evidence of any unusual transactions. Well, I have found it. I hold in my hand the sworn statement of a member of the Corps of Commissionaires—a pensioned soldier—and I will read you what he says:—

" 'I, —, of —, solemnly and sincerely declare as follows: On July 30, 1914, I was one of a number of men sent from the Dresdner Bank to the Winchester House Safe Deposit. I was employed during the afternoon and evening of July 30, and also for the same time on July 31. We were engaged in emptying two or three large safes and in packing their contents into 11 or 12 large tin-lined cases. Three or four of these were already packed when I went there. The contents of the safes consisted of securities and documents. I assisted to put the cases in pair-horse lorries, and accompanied them to Liverpool Street [the station for connection with the Harwich service to the Continent]. The cases were addressed to the Dresdner Bank, Berlin. Each case required four men to lift it. I was informed by some of the men that these cases were placed on railway trucks in the station. I heard one of the staff of the bank inquire why the stuff was being taken away, and the reply was, "If England should take part in the war she will make a claim on this stuff if she wins."'

"How came the Dresdner Bank to be allowed to remove these securities at this time? I am told, by the way, that the Disconto Gesellschaft, another of the German banks, also

'shifted' a mass of documents. But let us keep to the Dresdner. What influence intervened to protect the Dresdner Bank in diminishing to a serious extent the funds already in our hands for the payment of the war indemnity by Germany? I assume that the documents were got clear away, though I have heard that a hand more powerful than the Unseen intervened at the last moment to prevent actual shipment across the sea to Berlin. I have my doubts about that story, but in fairness, I must allude to it. Well, whoever protected the Dresdner Bank must have been somebody very powerful, somebody very keen to do the Germans a good turn, somebody very able to do it with certainty that his tracks would be successfully covered up, and that he could bar all investigation. . . . Part of the business of German agents, in every part of the world, is to discover political secrets. Hence I conjecture that the reason why the unknown was so anxious to do the Germans a good turn was his knowledge of their ability to do him a very bad one. [The Dresdner Bank was the second largest bank in Germany and was one of the four big "D" banks—Deutsche Bank, Dresdner, Disconto Gesellschaft, and Darmstadter—which were described in the "National Review" of March, 1925, as 95 per cent. Jew-controlled.] . . .

"I hinted that the Dresdner Bank knew something. Well, can we find the Dresdner Bank in the background of any politico-financial dealings during the last few years? Yes, we can. The biggest deal of that sort in recent years was the gigantic Marconi gamble, into which the astute insiders dragged Mr. Lloyd George so that his presence might protect them if they were found out. It was a characteristic trick of a very shady type. . . . As I told the Cannon Street meeting a few weeks ago, there was great excitement when the Marconi Committee was sitting over a demand for the production of a certain list of people who got American Marconi shares at very advantageous prices. They got them at a figure which was equivalent to a gift of £2 a share. The list was never made public. It was only produced to the Committee upon the express stipulation that none of the names were to be disclosed and that there was to be no cross-examination on them. Clearly there was some name in that list about which the insiders were very anxious. Well, one of the names was that of the Dresdner Bank. Somebody lurking behind that institution got a very large line of shares, equal to a profit of £4000 to £5000. Not only was the real identity of this individual concealed from the Committee, but every

subsequent demand for its disclosure has been met with a stony silence. If that individual was a politician you need look no further for one explanation of the immunity of the Dresdner Bank. If the Dresdner Bank is in a position to say, 'Shut our doors, and we open our mouth,' then its insolent defiance of public opinion no longer stands in need of explanation.

"Such a position is one of peculiar menace. . . The Marconi undertaking is the brain of the war. Through it there are travelling to and fro all the myriad mandates from the centre at Whitehall to every point of our interminable battle line, by sea, land, and air. If Bernstorff [German Ambassador to United States] had a secret wireless in Washington, do you think there is no secret wireless in England? If in the Marconi background we can discern either any German influence or any secrets capable of being used as means of German pressure upon any figure in English public life, we are in the presence of something that may be a source of the gravest peril. We are in such case entitled to instant and complete disclosure.

"I have told you that the Dresdner Bank was in the secret list. I tell you also that during the big gamble of 1912 no fewer than 50,000 American Marconi shares went to Jacob Schiff, the pro-German schemer in the United States, who has done everything in his power to bring about peace on German terms. With Schiff in this business there was involved one Simon Siegman, a gentleman whose name doesn't look particularly British. What was Schiff doing there, and what was Siegman's particular role? What do Siegman and Schiff know about the inside of the Marconi gamble? I say deliberately, with a full knowledge of my responsibility, that not one-tenth of the Marconi dealings were disclosed to the bogus Committee which sat in 1913 to investigate. The other nine-tenths are probably known to Schiff and Siegman. I suggest that they ought to be known to you as well. At any rate, look at one feature of the picture—the existence of a common fund of 250,000 American Marconi shares from which the participants in that huge gamble drew the numbers necessary for the completion of the transaction. Schiff and Siegman across the Atlantic made their deliveries from that fund. On this side it provided the shares dealt in by His Majesty's then Attorney-General, the present Lord Chief Justice— and a multitude of other participants."

"Secrets? Why, the whole Marconi background reeks with secrets. During the entire period of the negotiations between the Government and the Marconi Company immense transactions in Marconi shares were being conducted by a Mr. Ernest Cameron, of 4 Panton Street, Haymarket. Notice that I give you a name and address. Cameron keeps a modest voice-production academy. At the end of April, 1912, he had over 8000 English Marconi shares open with various brokers, and at this time English Marconis were at nearly £9 a share. At the very first whiff that there were politicians in the background, Cameron's huge account was taken over at a cost of £60,000 by Mr. Godfrey Isaacs, the brother of the then Attorney-General. Now, I do not believe for an instant that the proprietor of a small voice-production academy could afford to run speculations to the tune of £60,000 at a time. All the facts, so far as we can discover them, suggest that there was somebody behind Cameron, somebody who had to be kept out of sight, even at the cost of £60,000. Of course, if the unknown were a politician or public official he might have been liable to impeachment—that is to say, to what would be practically a criminal charge, triable before the full House of Lords. None of the Cameron dealings were disclosed to the Marconi Committee. The dealings could only have been carried on by somebody who knew the course of the extremely private negotiations with the Government. Nobody else would have dared to deal on such a scale.

"The unknown was not Mr. Godfrey Isaacs or the then Attorney-General, the present Lord Chief Justice. Both have made statements on oath which altogether preclude any such idea. The bulk of the dealings took place through Solomon and Co., of 14 Austin Friars, and Messrs. Quilhampton, of 4 Copthall Court. Observe, I give you the names and addresses of the brokers. The senior partner in Solomon and Co. was a naturalized Austrian named Breisach. He knows the secret. But Mr. Cameron was never summoned as a witness to tell the Committee whom he was dealing for. To this hour, in spite of repeated public demands, all information on the subject of the man behind Cameron has been refused by the Marconi 'insiders'. Suppose, for a moment, that the man behind Cameron was a politician, a public official, or an official of the Marconi Co. In that case Germany has an absolute death-grip upon him. She can confront him with an exposure which would mean not only

political ruin, but social death. In the background of the wireless system which is a vital part of our equipment for winning the war, is it right that there should lurk even the possibility that Germany has got some wretched victim by the throat through her possession of such a secret as this?

"Some time after the Marconi Committee was shut down certain people initiated litigation of such a nature that it soon became evident that these mysterious proceedings were likely to be disclosed in the course of the proceedings. Thereupon one of the solicitors engaged—Sir Thomas Berridge (observe, no vague assertion but the name)—went to the Chief Liberal Whip and told him that if the facts came out they would 'dynamite the Party.' If those facts were liable to 'dynamite the Party,' have we not a clear right to assure ourselves that they are not being used to dynamite the Empire? . . . There are no doubt dozens more of these secrets in the Potsdam archives. They are part of the price you pay for allowing the squalid and sordid system of intrigue, selfishness, and corruption, known as Party Government, to hang like a millstone around the neck of the noblest Empire God ever made.

"Have I not told you enough, and more than enough, to justify the recent demand by Lord Leith of Fyvie that the books of the German banks—aye, and of the German brokers—shall be examined for three years prior to the war? Get that examination made by men who know treachery when they see it, and nothing done by our artillery on the Western Front will be in it for the destruction wrought among the German entrenchments in our public life. Look at one item in the recent report on these banks. It seems that a 'large sum is due by one of the London managers of the Dresdner Bank, now interned. He is the son of the chairman of the bank, and securities for the debt are held in Germany and cannot be realized.' Doesn't it strike you as very singular that a large sum of money should be paid out to the manager's son in London against securities held in Germany? . . . A large sum of money handed over to the manager's son against securities in Germany is just the very device which would be adopted if it were necessary to disburse large payments to traitors in this country without leaving any traces which would enable them to be followed to their lair. An investigating committee composed of business men who could not be chloroformed by money, peerages, or 'jobs,' and who were assisted by smart

men like some of the Inspectors in Bankruptcy, might set out on the track that leads to the traitor's den if it got to work on the books of these banks.

"Some of my learned friends in the Temple have warned me that if I speak about the Dresdner Bank I may commit a contempt of court. Some of the persons connected with the Dresdner Bank have commenced actions against the 'Daily Mail.' Contempt or no contempt, I say it is an unspeakable outrage that any such person should be allowed at such a moment as this to bring an action against the 'Daily Mail' or any other British newspaper. . . But the muzzling of the press has been part of the astute policy of the Unseen Hand. But for its intrigues the press would have been freed from all shackles at the very outset of the war, so that it might defend and foster patriotic interests. Instead of this, not one single thing has been done to protect the press against frivolous actions brought in the German interest. The late Government's appeal for the co-operation of the press was simply humbug, since protection against frivolous and vexatious libel actions was refused both to the press and the individual citizen. . . .

"Even in the presence of the best that your hearts could wish . . . the Unseen Hand would still be busy to betray you into an inconclusive peace. . . If the Unseen Hand cannot defeat you in the war it means to betray you into an inconclusive peace. . . Those who were willing to further the peace schemes of Speyer and Schiff last December have lost none of their mischievous propensities. They would sooner be in office to negotiate a disastrous peace than be out of office as witnesses of an overwhelming victory. Somewhere in the background, manoeuvring these puppets, playing with their two-penny-ha'penny ambitions, is the Unseen Hand—himself quite possibly some pretended friend of Mr. Lloyd George, since open hostility would by no means suit his cunning strategy. Mark my words, unless you insist upon the eradication of this devilish influence, the nearer you come to peace, the closer will be your approach to the ruin of all your hopes, the utter and irretrievable abortion of all your sacrifices in money, blood, and tears."

Dr. Ellis Powell, in concluding, stated that Mr. Lloyd George and Mr. Bonar Law had stood between Britain and defeat the previous December at the hands of "the Speyer-Schiff clique." He also further urged that the people should

insist on knowing who had "arranged for the appointment of a naturalized German to be a British soldiers' Judge of Appeal."

Mr. Arnold White, in addressing the meeting, referred at length to the mysterious way in which Britain had allowed an extension of Norwegian territorial waters from the customary three miles accepted internationally to a four-mile limit. This extra mile allowed great American ships to slip through immune inside Norwegian waters with 10,000-ton cargoes of ore for Germany. He had enquired into this matter and he found that the political heads understood nothing of the significance of the extension of Norwegian territorial waters to which Britain had consented. Those who instigated it, in Mr. White's opinion, knew exactly what it meant. But for that extension, he added, "it would have been impossible for the great American ships to have carried 100,000 tons of ore last year into Germany."

* * * *

Following on this London meeting questions were asked in the House of Commons on March 13, 1917, inquiring what action the Government proposed to take in the matter. The answer was that no action was proposed.

At the Cannon Street Hotel meeting reported in the "Times" of March 22, 1917, a unanimous resolution called on the Government to close the German banks in London. The chairman, Lord Leith of Fyvie, urged that a commission should be set up to investigate the books of these banks for three years prior to the war. Mr. Ronald McNeill, M.P., in moving the resolution, said that for two and a half years they had endured the shame of seeing the Government carefully fostering enemy interests and enemy influences in the social, commercial and financial life of their country. The Government had financed the whole volume of acceptances of the German banks. What was the aim in doing so? Dr. Ellis Powell in seconding the resolution declared that the German banks in the city were part of a vast organization of betrayal.

The great outstanding fact of the war-time Hidden Hand agitation is that whenever it came to mention of names and specific instances the names were mainly Jewish. Before we go on to consider the more general aspects of our subject we shall in the next two chapters consider certain further episodes of the war and early post-war years.

Chapter III

PATRIOTS, SPIES, PLOTS AND COUNTER-PLOTS

1. SOME VARIEGATED CAREERS

IT was not only on the financial side that curious internationalist influences were to be found at work during the Great War. In various books of memoirs stray facts will be encountered to remind us that internationalism is by no means a post-war product. For example, in one such book, "Memoirs of a British Agent" (Putnams, 1932) written by Mr. R. H. Bruce Lockhart, Mr. Lloyd George's unofficial ambassador to Moscow in 1918, it is recorded without comment that Britain had in her War Office during the war an official translator, a Mr. Rothstein, of whom we are told that he "had lived for years in England, was an intellectual arm-chair revolutionary," and was "subsequently Bolshevik Minister in Teheran."

In various publications, as, for instance, Mrs. Webster's "The Surrender of an Empire" (Boswell Press, 1933), it is recorded that Mr. Trebitsch Lincoln, a naturalized Hungarian Jew, ex-M.P. for Darlington, was appointed censor at the General Post Office in August, 1914, and was later discovered to have been hard at work spying for Germany in this position. His real name was Ignatz Trebitsch. According to the "Deutscher Beobachter" of New York (5/10/35), he was in turn an Anglican curate in Kent, a Quaker teacher in York, private secretary to Mr. Seebohm Rowntree, after that Liberal M.P. for Darlington in 1910 and 1911, Hungarian censor on war breaking out, forger, in communication with Litvinoff (Jew) at this time, and writer of war and spy stories for the New York "World" (Jew-owned) telling of his own exploits. In 1915 he was arrested in America and handed over to Britain

who kept him in custody until 1919. He then contacted the ex-Kaiser in Holland and proposed a Hohenzollern restoration, was press agent in the Kapp Putsch of 1920 in Germany, and took part in monarchist movements in Austria and Hungary (all unsuccessful). Then he went to China on a mission from Trotsky (Jew) to organise a solid front against British Imperialism, was later in Ceylon, and then in Afghanistan where he was arrested but escaped to India. In 1924 he was in Italy as Signor Chirzel, alleged to be spying for both Communists and Fascists. After various other adventures he became the Abbot Chao Kung of the Buddhist Monastery of Paoshuashan in China, which position he apparently still holds. In 1931 he was found in the town of Tsitsitar in Manchukuo in possession of large sums of money and on a mission which could not be satisfactorily determined but was believed to be Bolshevik. From 1932 to 1934 he was in Europe in various scrapes and deportations, and then back in China. Finally, last year he was appealed to by "Israel's Messenger" (Shanghai) at the time of the Berne trial regarding the "Protocols of Zion," and expressed the opinion that these documents were undoubted forgeries. Only a few leading incidents are mentioned above in the career of this super-internationalist.

Another striking instance of war-time internationalism is to be found recorded in "Velvet and Vinegar" (Gray and Grayson, London, 1932), the memoirs of Lieut.-Col. Norman Thwaites, head of the British Intelligence Service in the United States during the war. Telling of his intelligence work in America, Lieut.-Col. Thwaites says: "Often during the years 1917 to 1920, when delicate decisions had to be made, I consulted Mr. Kahn, whose calm judgment and almost uncanny foresight as to political and economic tendencies proved most helpful." The Mr. Kahn referred to is the late Mr. Otto H. Kahn, partner in the Jewish international banking-house of Kuhn, Loeb and Company, his fellow partners being Messrs. Jacob H. Schiff and Paul and Felix Warburg. Referring to this banking-house in a letter written in 1915 Sir Cecil Spring-Rice, then British Ambassador to the United States, said: "The German-Jewish bankers are toiling in a solid phalanx to compass our destruction." As noted in Chapter I, Sir Cecil Spring-Rice also said of British negotiations with Mr. Paul Warburg, who practically controlled the United States financial policy: "Of course it

was exactly like negotiating with Germany. Everything that was said was German property." The foregoing will be found in "The Letters and Friendships of Sir Cecil Spring Rice" (Constable, 1929).

It is further to be noted that in the summer of 1917, as recorded in Mr. Lloyd George's "War Memoirs" (vol. iii, 1934). President Wilson and his Secretary of the Treasury, Mr. McAdoo, kept asking that someone in authority should be sent over to discuss finance. According to the editor of Sir Cecil Spring-Rice's letters, Mr. McAdoo, son-in-law of President Wilson, was a former partner with Mr. Paul Warburg. The despatch of a financial missioner was strongly urged also by Sir William Wiseman, an important go-between in Anglo-American relations at this time. Lord Northcliffe, then in America as a British representative, made similar requests, saying that unless something was done "I think we shall have a sharp conflict with McAdoo." He stated that Mr. Bonar Law would be given a warm welcome, and added: "Bonar Law or else Reading should come as early as possible." As Mr. Bonar Law was acting as Leader of the House of Commons for the War Cabinet, he obviously could not go to the United States. Lord Reading was consequently despatched and arrived in America in September, 1917. In January, 1918, he replaced Sir Cecil Spring-Rice as British Ambassador at Washington. A month later Sir Cecil Spring-Rice died suddenly and unexpectedly in Ottawa on his way back to Britain.

Of Sir William Wiseman, Mr. Lloyd George wrote as follows in his memoirs: "Sir William Wiseman was a young officer who after being invalided from the Western Front, was attached to our Embassy in Washington, where he developed remarkable ability as a diplomat. By this time he was beginning to play a considerable part in smoothing over relations with the American Government."

The following interesting reference to Sir William Wiseman occurs in Lieut.-Col. Thwaites's "Velvet and Vinegar" (1932): "Another remarkable man with whom I have been closely associated is Sir William Wiseman, who was adviser on American affairs to the British delegation at the Peace Conference, and liason officer between the British and American Governments during the war. He was rather more than the Colonel House of this country in his relations with Downing Street. . . Wiseman and I were, I believe, a

useful team when in 1916 and onwards we sought to curb the machinations of the enemy in America. . . As a partner in the banking firm of Kuhn, Loeb and Co. of New York, this country has lost his services for a time."

Of the attitude of certain of the partners in the banking-house of Kuhn, Loeb and Company during the war, Lieut.-Col. Thwaites said: "Let me mention here that whatever may have been the sentiments of Jacob Schiff, head of Mr. Kahn's firm of Kuhn, Loeb and Company, the international bankers, who was alleged to be definitely pro-German, and of the late Mr. Mortimer Schiff, who was supposed to be on the fence awaiting the cat's jump, Mr. Otto Kahn made no mistake. He was definitely and whole-heartedly pro-ally, and especially pro-British. He knew that the side on which England ranged herself would win."

Mr. Otto Kahn (1867-1934) was born at Mannheim, Germany. He went to the United States in 1893 and in 1897 became a partner in Kuhn, Loeb and Company. He was naturalized as an American citizen and later as a British subject. According to the available matter his final nationality was uncertain. During the war he gave up his London residence, St. Dunstan's Lodge, Regent's Park, as a hostel for blinded British soldiers. In 1917 and 1918 he spoke freely in public in America in support of the Allies and in denunciation of the Bolsheviks, a volume of his speeches, "Right above Race" (Hodder and Stoughton) being published in 1919 with a commendatory foreword by the late Theodore Roosevelt. In 1921 he published a volume of memoirs "Reflections of a Financier" (Hodder and Stoughton), with a eulogistic foreword by Mr. J. H. Thomas, the British Labour Cabinet Minister.

Writing in the "Daily Herald" of April 2, 1934, Mr. Hannen Swaffer said: "I knew Otto Kahn, the multi-millionaire, for many years. I knew him when he was a patriotic German. I knew him when he was a patriotic Britisher. I knew him when he was a patriotic American. Naturally, when he wanted to enter the House of Commons, he joined the 'patriotic' party. He was welcomed as a Conservative candidate for Ashton-under-Lyme, which afterwards returned Max Aitken, now Lord Beaverbrook." According to Lord D'Abernon's memoirs, "An Ambassador of Peace," Mr. Kahn was a brother-in-law of Herr Felix Deutsch, head of the great German electrical combine, known

as the A.E.G., with which Krassin, the Bolshevik leader, was connected, as fully set out by Mrs. Webster in "The Surrender of an Empire." In a footnote in Mrs. Fry's "Waters Flowing Eastward," it is stated that in 1924 Mr. Paul D. Cravath, a radical lawyer, attempted to secure the nomination of Mr. Otto Kahn as president of the English Speaking Union, "and the manoeuvre was only defeated by the timely exposure of Kahn's Bolshevist activities. It was proved that Kahn's house was a meeting place for Soviet agents, such as Nina Smorodin, Claire Sheridan, Louise Bryant and Margaret Harrison."

According to articles published by the late Francois Coty in the Paris "Figaro" in April, 1932, Mr. Kahn on first going to America was a clerk in the firm of Speyer and Company and married a grand-daughter of Mr. Wolf, one of the founders of Kuhn, Loeb and Company. It was added in the "Figaro" that in June, 1931, Mrs. Otto Kahn paid a visit to Russia, and: "She was officially received by the Soviet Government which gave in her honour a grand diplomatic dinner and several brilliant receptions. The ceremonial displayed exceeded in pomp and solemnity the journey of Amanullah when King of Afghanistan. The Red Army lined the roads at the present arms. . . It was the least that the heads of the 'Proletarian Dictatorship' could do in order to honour the wife of one of their sovereigns."

In August, 1935, the "Fascist" quoted from the London "Star" of July 23, 1935, an announcement that Mrs. Otto Kahn was again visiting Russia. The "Star" said: "After her visit to the U.S.S.R. a few years ago, a sinister political significance was alleged by a French newspaper. The truth is that Mrs. Kahn is interested in Russia, and when she goes to Leningrad is officially welcomed by the great Stalin himself. Incidentally, there is something rather amusing in the fact that as her travelling companion to visit the Soviet, Mrs. Kahn has Lady Ravensdale—Sir Oswald Mosley's sister-in-law." Lady Ravensdale and the late Lady Cynthia Mosley were daughters of the late Marquis of Curzon, and their mother was a daughter of the Chicago Jewish millionaire, Levi Leiter. Sir Oswald Mosley, after belonging in turn to all other political parties, is now leader of the British Union of Fascists (not connected in any way with the Imperial Fascist League, publishers of the "Fascist" from which the foregoing is culled).

Lieut.-Col. Thwaites, who, as he records, found the advice of Mr. Otto Kahn so helpful in the performance of his duties as head of the British Intelligence Department in the United States during the war, relates in his memoirs that he himself had served in the Boer war, after which he secured a post as private secretary to the late Mr. Joseph Pulitzer, a Hungarian-born Jew who had removed in early life to New York, where he became proprietor of the "New York World." After Mr. Pulitzer's death in 1911 Colonel Thwaites served the New York "World" as correspondent in various European capitals and later as foreign editor in New York. On the outbreak of war in 1914 he joined up with the Irish dragoons, but after being buried in a trench he was invalided and, as stated, was sent to organise a British intelligence service in the United States in 1916.

Among his various activities Col. Thwaites was instrumental in introducing into the British secret service no less a person than Captain Sidney Reilly, M.C., who has been described as Britain's master spy. One of Captain Reilly's most daring exploits was the organization in 1918 of a great conspiracy in Russia to overthrow the Bolsheviks. This conspiracy missfired, the Bolsheviks becoming privy to it. Mr. Bruce Lockhart, British Government Agent in Moscow, was immediately arrested and his fate for some time was uncertain. Captain Reilly had to flee the country, as did most foreigners lucky enough to be able to do so, and a prolonged reign of terror was instituted by the Bolsheviks, in which many thousands of Russians were brutally butchered as traitors supporting the intrigues of a foreign Power to overwhelm their country.

It so happens that references to the Reilly exploits occur in several books of memoirs, and by piecing them together an insight may be gained into a very extraordinary secret service episode. First of all, there is "The Adventures of Sidney Reilly, Britain's Master Spy" (Elkins Matthews and Marrot, 1931), written partly by Captain Reilly and completed by Mrs. Reilly. Then Mr. Bruce Lockhart makes reference to the affair in his "Memoirs of a British Agent" already quoted, as does Lieut.-Col. Thwaites in his "Velvet and Vinegar." Finally the episode comes into "Go Spy the Land" (Cassell, 1932) by Captain George A. Hill, D.S.O., who was associated with Captain Reilly in secret service work in Russia at this time.

Before we consider the great Reilly conspiracy it is important to gain some idea of the intricate methods of plot and counter-plot by which the Bolsheviks were achieving their ends in Russia at this date. Curious revelations under this head are made in another recent book "The Murder of the Romanovs" (Hutchinson, 1935), a work consisting of (1) a foreword by Sir Bernard Pares, professor of the Russian Language at the University of London, and British official observer in Russia during the war; (2) a first part by Alexander Kerensky, head of the Russian Provisional Government ousted by the Bolsheviks; and (3) a final part by Captain Peter Bulygin, formerly in command of the personal guard of the Dowager-Empress of Russia, and later assistant to the official investigator into the murder of the Tsar and family appointed by Admiral Kolchak, commander-in-chief of the White Russian army which occupied Ekaterinburg a fortnight after the commission of the crime.

2. THE MURDER OF THE ROMANOVS

The downfall of the Russian Empire is attributed by Mr. Lloyd George in his "War Memoirs" partly to the demoralization of the Russian army by the non-arrival of munitions which an English armament concern had contracted to supply (of which more will be said in the next chapter); and partly to the undermining of the Tsar's prestige consequent on the association of the Tsarina with the charlatan monk Rasputin. Originally a coachman, Rasputin found his way to St. Petersburg about 1904 at a time when mysticism was all the rage in society drawing-rooms in the Russian capital. He was brought under the notice of the Russian royal family in 1906 by two Grand-Duchesses, daughters of the King of Montenegro. The Tsarina had been hysterical with a desire for a son, and miracle men had been imported. These were displaced by Rasputin. According to Kerensky, there is no doubt that Rasputin possessed tremendous hypnotic magnetic powers. Rasputin rapidly developed ascendancy over the Tsarina, especially after the young Tsarevitch developed the mysterious and incurable malady of haemophilia. He became conversant with all that went on at Court and exercised political influence. Sir George Buchanan, British

Ambassador to Russia to 1918, says in his memoirs that Rasputin was financed by certain German-Jewish bankers. In February, 1912, Rasputin's position at Court became the subject of heated discussion in the Russian Duma. Protopoff, head of the last Tsarist Government, was appointed by Rasputin's influence, and in the Duma at the end of 1916 it was alleged that Protopoff was in German pay and had had an interview at Stockholm with a German financier named Warburg. In December, 1916, Rasputin was assassinated by Prince Yussupoff who declared him a German spy. In the royal palace Rasputin had throughout a willing associate in a lady-in-waiting, Madame Anna Vyubova.

By March, 1917, the disorganization of Russia was so far advanced that various regiments were found to be unreliable, and the Tsarist Government shortly afterwards fell, the Tsar abdicating on March 15, and a Provisional Government under Prince Lvov taking over. At this time Workmen's and Soldiers' Soviets or Councils sprang up through Russia. Kerensky was appointed to the Provisional Government as the representative of these. In July, 1917, the first Bolshevik rising occurred and Prince Lvov retired, Kerensky becoming the head of the Government. According to Lady Queenborough's "Occult Theocracy" Kerensky's real name is Aron Kirbiz. Some writers describe him as Jewish: others who might be expected to mention this if correct, do not.

In April, Lenin and 29 other revolutionaries in exile in Switzerland had been permitted by the German Government to cross Germany by special train en route to Russia. At about the same date Trotsky and two or three hundred other revolutionaries sailed from New York for Russia. Trotsky was put under arrest at Halifax by the British naval authorities but was released under circumstances which have never been fully explained and allowed to proceed to Russia. These revolutionaries were supplied with large funds. Mrs. Webster in "The Surrender of an Empire" quotes the German-Jewish Socialist Eduard Bernstein as saying that Lenin received £2,500,000 through the German Imperial Bank. Among documents relating to Bolshevism published by the American Committee of Public Information in what is known as the Sisson report is a photostat reproduction of what purports to be a letter written from Stockholm under date of September 21, 1917, by Furstenberg (a Bolshevik financial agent) to a Mr. Raphael Scholan, in which it is

stated: "The banking house, M. Warburg, opened an account for the enterprise of Comrade Trotsky upon receipt of a telegram from the chairman of the Rhein-Westphalian Syndicate. A lawyer, probably Mr. Kestroff, obtained ammunition and organized the transportation of same, together with that of the money. . ."

Mr. Louis T. McFadden, for many years chairman of the Banking and Currency Committee of the United House of Representatives, has repeatedly asserted in Congress that the Bolsheviks were financed by the Kuhn, Loeb group. Matter to the same effect appears in "Through Thirty Years" (Heinemann, 1924), the memoirs of Mr. Wickham Steed, at the time editor of the London "Times." After asserting that the prime movers for the recognition of Bolshevik Russia at the Peace Conference in 1919 were "Jacob Schiff, Warburg and other international financiers," Mr. Steed proceeded to quote a leading article he wrote in opposition to the project and in which he said its promoters were "akin to, if not identical with, the men who sent Trotsky and some scores of associated desperadoes" to Russia. In the "Fascist" for December, 1934, is reprinted a report from the "New York Times" of March 24, 1917, of a meeting at which Mr. George Kennan referred to the Russian revolutionary movement as having been "financed by a New York banker you all know and love." A Mr. Parsons then said he would read a message from the gentleman to whom Mr. Kennan had referred, and proceeded to read a message from Mr. Jacob Schiff referring to the achievement of "what we had hoped for and striven for these long years." This celebration, it is to be noted, was held immediately following the abdication of the Tsar and before the Bolsheviks had assumed control. There is a mass of evidence to show that the Bolsheviks since 1917 have received enormous support by international finance, and that this alone made the Five Year Plan possible. This will be gone into in a later volume.

The international revolutionaries shipped into Russia seized control in October, 1917, and speedily adopted terroristic methods. According to Captain Reilly in his narrative and Captain Bulygin in his, they at first relied largely on Latvian and other foreign mercenaries as the backbone of their military force. The Germans, who had put Lenin into Russia, advanced and occupied a large slice of territory in the west and south. Czech and German prisoners

of war rose, and the Czechs for some time held a great part of the Siberian railway, along which Admiral Kolchak advanced with a White Russian force in the summer of 1918, but was soon obliged to fall back, the venture ending in disaster. Britain landed a force of 1200 men at Archangel on August 4, 1918, and half-hearted Allied support was given to General Wrangel's White Russian forces in the south and to General Denikin. At Yaroslav, about 200 miles north-east of Moscow, Boris Savinkoff, former Social Revolutionary terrorist, who in pre-war days had organized the assassinations of the Grand Duke Sergius and of the Minister von Plheve, and who for a time was Minister of War under Kerensky, organized an anti-Bolshevik force but was soon routed and went underground. The intervention of the Allies was throughout on a scale wholly inadequate to effect anything, but was most useful to the Bolsheviks in arousing the patriotic instincts of the Russian populace on the Bolshevik side.

After his abdication the Tsar and his family were offered asylum in Britain by the British Government. There is a very extraordinary conflict of evidence as to whether or not this offer was afterwards withdrawn. Kerensky says it was. Mr. Lloyd George in his "War Memoirs" (vol. iii, 1934) says it was not. Mr. Lloyd George states that on March 23, 1917, an invitation to the Tsar to take refuge in Britain was sent in the name of "His Majesty and the British Government." Mr. Lloyd George further states: "The Czar was unable in the event to avail himself of it, even had he been anxious to do so—and of that we had no evidence. That statement is amply corroborated by the official records. Not all of these, even at this interval of time, am I free to publish, but I propose to quote such extracts from them as will give the reader an accurate picture of the march of events in relation to this painful event." After quoting various communications, Mr. Lloyd George clinches his point with an extract from "My Mission to Russia" (Cassell, 1923), the memoirs of Sir George Buchanan, British Ambassador to Russia, in which it is stated by Sir George: "Our offer remained open and was never withdrawn."

Sir George Buchanan is no longer alive. In 1932, after his death, his daughter, Miss Meriel Buchanan, published a book on Russia entitled "The Dissolution of an Empire." In this she stated ("Overseas Daily Mail" 10/6/32) that after issuing the invitation to the Tsar the British Government later

telegraphed refusing to receive the Russian royal family and thus doomed them to a horrible death. Miss Buchanan says her father proposed to refer to this withdrawal in his memoirs, but on going to the Foreign Office to inspect documents to refresh his memory he was told that if he made any reference to the withdrawal of the invitation he would not only be charged with a breach of the Official Secrets Act, but his pension would be stopped as well. As he had lost a great part of his fortune in the Russian revolution he held his peace. The present writer has not himself had access to Miss Buchanan's book and does not know whether it contains any explanation of how Sir George Buchanan came in these circumstances to make the statement in his memoirs quoted by Mr. Lloyd George in his. It is a very remarkable statement in face of what his daughter relates.

In the book "The Murder of the Romanovs" (1935), previously referred to, Mr. Kerensky gives his version of the episode. He asserts that the announcement of the invitation of March 23, 1917, was very coldly received in Britain, particularly in Liberal and Labour circles, and this opposition was especially apparent in a leading article in the London "Daily Telegraph" (then controlled by Lord Burnham, family name Lawson, formerly Levy). On April 10 the English papers published a semi-official Foreign Office statement "which could only be interpreted as a withdrawal from the attitude expressed in the verbal note of March 23" sent in the name of the King and the Government. Kerensky adds:

"I do not remember exactly whether it was late in June or early in July, when the British Ambassador called, greatly distressed, on Tereschenko [Minister of Foreign Affairs]. He brought with him a letter from a high official in the Foreign Office, who was also intimately connected with the Court. With tears in his eyes, scarcely able to control his emotions, Sir George informed the Russian Minister of Foreign Affairs of the British Government's final refusal to give asylum to the former Emperor of Russia. I cannot quote the exact text of the letter which Sir George read out to Tereschenko. But I can say quite definitely that this refusal was due exclusively to considerations of British internal politics. The letter even contained something of an ironical thrust at the Provisional Government in the suggestion that the Prime Minister was unable to advise His Majesty to offer hospitality to people whose pro-German sympathies were well known.

"It was thus that contrary to the original intention of the Provisional Government, and their own keen desire to be in England, the Tsar and his family were compelled to go eastward—to Tobolsk. From there, we thought, it would be possible in the spring of 1918 to send them abroad after all via Japan. Fate decided otherwise."

Commenting upon this episode in his foreword to "The Murder of the Romanovs," Sir Bernard Pares relates how the departure for England of the Tsar and family was delayed until the railway to Murmansk was under control. By that time, however, a despatch had arrived from England withdrawing the invitation. Sir Bernard adds: "This is the despatch mentioned by Miss Meriel Buchanan in her book 'The Dissolution of an Empire,' and its contents were communicated by Sir George Buchanan to the Provisional Government, as Kerensky relates, with tears in his eyes. There may be serious reasons for not producing this despatch; anyhow Sir George Buchanan was not allowed to make use of it in his memoirs, and we can, therefore, be little satisfied with the explanation given by Mr. Lloyd George in his. He quotes material more or less fully on that part of the story which is not in dispute, namely, the original offer of asylum, but he gives no details of the despatch conveying the later withdrawal, and contents himself with partial quotations the object of which is to throw the blame on the Provisional Government and on Sir George Buchanan himself, who is no longer alive to reply."

It is to be noted that Mr. Lloyd George and Mr. Kerensky both describe the original invitation as having been made in the name of "His Majesty and the British Government." The withdrawal according to Mr. Kerensky was contained in a letter from "a high official at the Foreign Office." If this is correct it thus appears that it might be literally true to say that there was no withdrawal by His Majesty and the British Government of the invitation made by them. At the same time the letter from the high official at the Foreign Office would quite effectively convey the most definite impression to the Russian Government that the offer had been withdrawn. The speeches of Sir Rufus Isaacs and Sir Herbert Samuel in the Marconi debate of October 11, 1912, to which Mr. Lloyd George himself gave silent assent, show that it is sometimes necessary to scan political utterances very closely indeed if an incorrect impression of their meaning is to be avoided,

This hypothesis, however, still fails to explain how—if Miss Buchanan's statements are correct—Sir George Buchanan was constrained to write as he did in his memoirs. The mystery remains unsolved. Denied asylum in Britain, the Tsar was doomed to death. As we shall see, the narratives of Kerensky and Captain Bulygin provide evidence that the Bolsheviks desired and most carefully planned the murder of the Russian royal family. The first requirement in these arrangements was that the prisoners should by no means be permitted to leave Russia.

* * * *

Another curious partial suppression of Russian intelligence of an important nature occurred in the spring of 1919. A week after the Reilly plot and the arrest of Mr. Bruce Lockhart, a despatch was forwarded by the Netherlands Minister at Petrograd, M. Oudendyk, to the British Minister at Christiania. Mr. Lockhart in his "Retreat from Glory" records that it was only by the great courage and persistence of M. Oudendyk that the body of Captain Cromie, the British naval attache slain by the Bolsheviks at Petrograd at this time, received Christian burial. Writing under date of September 6, 1918, M. Oudendyk said:

"The danger is now so great that I feel it my duty to call the attention of the British and all other governments to the fact that if an end is not put to Bolshevism in Russia at once, the civilization of the whole world will be threatened. This is not an exaggeration, but a sober matter of fact. . . . I consider the immediate suppression of Bolshevism is the greatest issue before the world, not even excluding the war which is still raging, and unless, as above stated, Bolshevism is nipped in the bud immediately, it is bound to spread in one form or another over the whole world, as it is organized and worked by Jews who have no nationality, and whose one object is to destroy for their own ends the existing order of things."

Of this despatch the late Lord Sydenham wrote as follows in his autobiography, "My Working Life" (John Murray, 1927): "This tremendous warning was not made public in a White Paper until April, 1919, and immediately afterwards an 'abridged' edition was issued from which it was eliminated." When the reader has completed perusal of these volumes he will be in possession of the necessary material for forming an opinion as to whether M. Oudendyk's

warning of 1918 was justified. According to the detailed list of the original Bolshevik Government compiled by the late Victor Marsden, London "Morning Post" correspondent in Russia at the time, of 545 principal officials ruling the country 454 were Jews. Bolshevism remains to-day an essentially Jewish phenomenon.

* * * *

When the Bolsheviks seized power in October, 1917, the Tsar and his family were held in mild custody in the Governor's palace at Tobolsk, the centre of a rural Siberian region little affected by the revolution, and about a hundred miles distant as the crow flies from the nearest railway at Tiumen, and a good deal further by the river steamer serving it. Precariously holding the reins, and including in their numbers many Jewish Commissars imported from abroad with Lenin and Trotsky who could hardly speak the language of the country, it was necessary for the Bolsheviks to proceed with caution to their objectives. German connivance and support had played a large part in setting up their régime: and the German royal family desired the escape of the Russian royal family, the Tsarina being a German princess. It was also uncertain how the Russian people would react to the slaughter of their deposed monarch. No overt action was thus to be thought of at the moment.

The first move in the net presently to close about the royal family was the appearance at Tiumen about the time the Bolshevik regime began, of a certain Lieutenant Boris Soloviev. According to Kerensky and Captain Bulygin in "The Murder of the Romanovs," Soloviev was the son of a minor official in the Holy Synod. He completed his studies in Germany and then obtained a position as secretary to a German tourist visiting India. There he left his employer and spent a year studying hypnotism at the Theosophical Society headquarters at Adyar, founded by Madame Blavatsky and later carried on by Mrs. Besant, an early member of the British Socialist Fabian Society. The Great War found Soloviev back in Russia, and although never going to the front he obtained a commission in the army. A young man who had been to Adyar was a great find for the mystical circles in vogue in St. Petersburg society, and Soloviev came into contact with Anna Vyubova, the Tsarina's lady-in-waiting, and with Rasputin. On October 5, 1917, at about the time of the Bolshevik revolution, Soloviev married

Rasputin's daughter Matriona. Extracts from Matriona's diary quoted by Captain Bulygin indicate that this marriage was virtually arranged at the house of Madame Vyrubova, where at spiritualistic seances Matriona received what purported to be messages from her deceased father telling her that she must love Boris.

Immediately after his marriage Soloviev appeared at Tiumen, ostensibly as the secret representative of a monarchist organisation bent on effecting the rescue of the royal family. He established communication with the Tsarina through a certain parlour maid of doubtful integrity (she was not slaughtered with the other royal domestics and later married a Bolshevik commissar). He avoided Dr. Botkin (physician to the Imperial family and slain with them), whose integrity was undoubted and who was constantly in and out of the house where the royal prisoners were confined. To the Tsarina Soloviev sent word that he had a great brotherhood organized to effect rescue, and that she must rely on him solely and reject all other proposals and refer them to him. As son-in-law of her venerated adviser Rasputin, the Tsarina trusted Soloviev implicitly and did as he asked. All genuine movements to rescue the royal family were thus revealed to Soloviev and nullified.

To the monarchist organizations throughout Russia, with whom he was soon in touch, Soloviev sent word that money and not men was what was needed. The presence of strangers in the small centres, he said, would be dangerous and lead to discovery and disaster. To such monarchist emissaries as arrived Soloviev explained that all was well and that even a large section of the local Red Army was with him. Evidence of this was provided by Soloviev taking the emissaries to the parade ground, where on his making secret signs numbers of the officers on parade responded with like signs. Three visiting monarchists who became suspicious of Soloviev and quarrelled with him were conveniently arrested by the local Tcheka and shot. A fourth eluded Soloviev and watched his methods. When the Tsar and Tsarina were removed from Tobolsk in April 1918, and it was time for Soloviev to act, he himself was also conveniently arrested by the Tcheka for a fortnight.

Captain Bulygin says that when the White Russians under Admiral Kolchak retired a few months later Soloviev moved across Siberia in the rear of the armies, sometimes flush

of money and sometimes penniless. Eventually he was arrested at Vladivostok by Admiral Kolchak's forces and found in possession of drafts worth about £1500, which he said a casual acquaintance on the train had given him. His diaries and papers were seized. At Chita he was released by the order of the Cossack Hetman there. Captain Bulygin states that in 1921 he found Soloviev participating in a Russian monarchist conference in Berlin and denounced him as a traitor and Bolshevik agent. Kerensky also refers to Soloviev in emphatic terms as a traitor and spy.

Russian monarchist efforts to rescue the royal family being thus completely foiled in this ingenious manner, the Bolsheviks still had the Germans to deal with. Count Mirbach, the German Ambassador, pressed for action to effect the escape of the royal prisoners through Siberia. The management of the affair was now in the hands of Sverdlov, chairman of the All Russian Central Executive Committee, and described by Mr. Lockhart in his book as "a Jew so dark that he might almost be suspected of 'colour,' his black beard and fierce black eyes make him look like some modern incarnation of the Spanish inquisitors." Sverdlov agreed that an agent named Yakolev, nominated by Count Mirbach, should be sent to take the Tsar and family out through Siberia. Yakolev accordingly appeared at Tobolsk on April 22, 1918, accompanied by fifty Red soldiers and a private telegraphist by whom he communicated direct with Moscow without the local telegraph officials having knowledge of the messages exchanged. At the same time Sverdlov with his other hand sent two other agents, Voikov and Safarov, to stir up the local revolutionaries in the Omsk district to hold up the train with the royal party aboard.

Yakolev set out from Tobolsk on April 26 with the Tsar and Tsarina only, the latter vainly expecting imminent rescue by Soloviev's organization. At Kulomzino station the train was duly stopped by Sverdlov's other agents. Yakolev telegraphed to Sverdlov for instructions and was told there was nothing for it in the circumstances but to go back to Ekaterinburg, an industrial and revolutionary centre. At Ekaterinburg the local Soviet demanded possession of the Tsar and Tsarina. Yakolev again telegraphed for instructions, and was told that the only thing was to hand them over and return to Moscow. He did so, much upset. Count Mirbach was very angry, but was given evasive and reassuring answers by Sverdlov.

The Tsar and Tsarina were taken to the Ipatiev House at Ekaterinburg, which had been previously prepared for their reception. At about this date the Russian newspapers published reports that "Nicholas the Bloody" had been executed. A few days later the news was stated to be incorrect. Says Captain Bulygin: "The Bolsheviks had sent up a kite to test the attitude of the Russian people regarding the murder of their Emperor. The Russian people bore it in silence." The conditions being favourable, developments proceeded. On May 17 the Red Army took over the custody of the Ipatiev House. On May 23 the rest of the family and servants arrived from Tobolsk. "Early in July," says Captain Bulygin, "the House of Special Purpose passed into the hands of ten regular Tcheka executioners, most of whom were Hungarian prisoners of war. It was then that Yurovsky first entered the Ipatiev mansion, having been appointed by Moscow to carry out the plan, every detail of which was already carefully worked out. . . . The Ipatiev mansion was in effect occupied by a flying squad of the Tcheka. Moscow could feel happy at last."

At midnight on July 16, the Imperial family and their attendants were awakened and told that they were to be removed to a new residence, and must dress and descend to the cellars opening on to the yard to await the arrival of vehicles. On the Tsar, Tsarina, Tsarevitch, the four Grand Duchesses, and their attendants being assembled in the cellar, they were shot, Yurovsky himself killing the Tsar and Tsarevitch, and leaving the women and servants to the others. The bodies were taken to a deserted spot in the woods, dismembered and burned (170 gallons of petrol being used), and the larger bones that would not burn readily were dissolved in sulphuric acid. The disposal of the bodies was completed on July 19. On July 25 the first reconnaissance parties of Admiral Kolchak's White Russian Army had entered Ekaterinburg, and investigation of the murders was presently begun.

On July 17 a session of the Soviet of People's Commissars was in progress in Moscow when Sverdlov entered and whispered to Lenin, who at once rose and, interrupting the speaker, said: "Comrades, the chairman of the Central Executive Committee has just informed me that the former Tsar has been shot in Ekaterinburg by order of the Ural Regional Soviet." There was a moment's silence. Then Lenin asked that the proceedings should continue. That was all.

No mention was made of the murder of the rest of the Imperial family.

The supervision of the murders, according to Captain Bulygin, was in the hands of Golschekin, Voikov and Sarafov, who were all present in the cellar. All were personally known to Lenin and blindly devoted to him. Golschekin was a Jew also known as Philip, and had been associated with Lenin from 1911. According to Captain Bulygin, he was described by V. Burtsev, himself a tried revolutionary, as "a man for whom bloodshed was no obstacle, cruel, a born executioner, showing signs of degeneracy." The other two were described as similar. Yurovsky, the practical expert, who shot the Tsar and Tsarevitch, was also a Jew (vide Alfred Rosenberg in "The Grave-diggers of Russia": The Britons, 40 Gt. Ormond Street, London, W.C.1).

On July 13 the Grand Duke Michael and his English secretary were shot at Perm, about 200 miles north-west of Ekaterinburg. There were also under arrest at Ekaterinburg the Grand Dukes Sergius Mikhailovitch, Igor, Constantine, and Ivan Constantinovitch, Prince Paley (son of the Grand Duke Paul), and the Grand Duchess Elizabeth. They were taken to Alapayevsk, about 100 miles north-east, and on July 17 thrown alive down an abandoned mine-shaft, subsequent investigation pointing to the fact that one at least of the Grand Dukes, though terribly injured, survived for about three days.

By these successive steps the Bolsheviks had (1) tricked the Tsarina and family and the monarchist party by the employment of Soloviev; (2) tricked the German Ambassador; and (3) finally arranged the murders so that if necessary the blame could be put entirely on local revolutionaries who had got out of hand.

In his narrative of the murder of the Imperial family Captain Bulygin says: "It was Voikov who wrote the cryptic words in the room where the murder was committed, and he was also the author of the famous boast: 'The world will never know what has become of them.'" No further reference to "the cryptic words" in the cellar at Ekaterinburg appears in this book. They are apparently the words referred to by Mrs. L. Fry in her book "Waters Flowing Eastward" (Editions R.I.S.S., Paris: The Britons, London, 1933). Mrs. Fry inserts a reproduction of a photograph of this mysterious inscription, stated to have been taken by Admiral Kolchak's official

investigators immediately following the murders. The inscription consists of three characters with a line drawn beneath them. Mrs. Fry states that the characters represent the letter "L" repeated in three languages—first, in ancient Hebrew script, then in Samaritan script, and then in Greek.

It is a well-known fact that in the teachings of Jewish cabbalism letters have occult meanings, and Jewish scriptures have one significance to those who know these occult meanings and another for those who do not. Mrs. Fry says that according to authorities on the cabbalistic interpretation of letters the inscription signifies either: "Here the King was struck to the heart in punishment of his crimes," or "Here the King was sacrificed to bring about the destruction of his kingdom." The horizontal line beneath the characters is stated to have the further significance that those who killed the king did so not of their own free-will, but in obedience to superior command.

Mrs. Fry adds: "Whoever wrote this inscription was a man well versed in the secrets of the ancient Jewish cabbalism as contained in the Cabbala and the Talmud. . . The inscription therefore proves: (1) That the Tsar was killed. (2) That the murder of the Tsar was committed by men under the command of occult forces; and by an organization which, in its struggle against existing power resorted to the ancient cabbalism in which it was well versed." The part played by secret societies and occult forces in the promotion of world unrest has attracted the attention of many writers, and some account of their conclusions will be given in a later volume.

Enough has now been set out to show the devious paths by which certain potent forces operating in Russia in 1918, and throughout the world to-day, go about the attainment of their ends. From this contemporary background we will now turn to consider the exploits of Britain's master spy in Russia in the summer of 1918.

3. BRITAIN'S MASTER SPY

As previously noted, we have Captain Reilly's own account of his doings in 1918; his wife's account; the account of Mr. Bruce Lockhart, British Government agent in Moscow at the time; and the narrative of Captain Hill, fellow officer in the British secret service in Russia with Captain Reilly. In

addition, Lieut.-Col. Thwaites in his memoirs relates how he introduced Captain Reilly into the British secret service. Some account of Captain Reilly's career is also given in "Behind the Scenes in Espionage" (Harrap, 1929) by Winfried Ludecke, in which work it is asserted among other things that it was he who secured the much-discussed Zinovieff letter, calling on the Communist Party in Britain to work for armed insurrection, which letter on being published just before the elections of October, 1924, was followed by the defeat of Mr. Ramsay MacDonald's Labour Ministry. No reference to Captain Reilly being associated with this affair seems to be made by any other writer.

In the "Fascist" for April, 1935, appears a brief review of a book "The Secret War for Oil" (Routledge) by F. C. Hanighen and A. Zischka, reading as follows: "This volume, produced with a flourish of trumpets, was withdrawn within a few days of publication; it brings the Oil Racket story up to date, and reveals the fact that the spy Reilly who stole D'Arcy's concessions for oil in Persia was really a Jew called Rosenblum. We remember seeing a book purporting to be a biography of this Reilly in which there was no mention of this fact!" It will be recalled that D'Arcy concessions in Abyssinia were prominently mentioned in the Press at the end of 1935.

Turning next to the pages of Britain's war time secret service head in the United States, we find Lieut.-Col. Thwaites saying: "Captain Reilly's valuable services were secured in this way. In 1917 as a man of about thirty-eight, he came to me in New York with a request that I should get him into the service. He felt he ought to be doing his bit in the war. I had met him several times with Dr. Alexandre Weinstein, one of the nicest Russians I know and the scion of a distinguished banking family in Kiev. I fancy Reilly and Weinstein had been associated as far back as the Russo-Japanese War, and had made a good deal of money. But Reilly never could keep his money. He was a gambler by nature, whether in hazardous occupations or games of chance. . .

"Reilly expressed a desire to join the Royal Air Force. I sent him up to Toronto to the officer in command, and he was promptly given a commission. But he was too valuable a find to be wasted as an equipment officer. . . I reported to H.Q. at home that here was a man who not only knew Russia and Germany, but could speak four languages. His German

was indeed flawless, and his Russian hardly less fluent. French and English he spoke with an almost imperceptible accent. Of Russian birth his appearance was remarkable. . .

"Reilly was speedily summoned home to England. After an interview with 'C,' the mysterious chief of hush-hush work, he was assigned to special duties in the Baltic and East Prussia. As he could pass equally well as a Russian or as a German, he did work of a most valuable kind. . . He actually messed with German officers at Königsberg, and came and went as he pleased. Later on he went to Russia. Whether he passed from the German lines to the Russian and back again is not quite clear, but it seems certain that he was able to gain information from both camps." Lieut.-Col. Thwaites goes on to relate that Captain Reilly believed he was destined to bring Russia out of the chaos of Communism, and to "do for Russia what Napoleon did for France."

Captain Reilly in his own story states that in the spring of 1918, on returning from a mission, he was ordered by his chiefs in the British secret service to go to Russia at once. The position in that country was filling the Allies with consternation, and he was told to do what he could to counter the work of German agents, and to report on the feeling in the Russian capital and the prospects of bringing Russia back to a sense of her obligations to the Allies. He relates that in Russia he ran a British secret service under the name of M. Constantine. At the same time he was Comrade Relinsky in the Bolshevik Tcheka, in which position he had great freedom of movement. He was thus on his own admission in the pay of both sides at the same time. He became acquainted with Mlle. Friede, sister of the Bolshevik Chief of Staff, and discovered that she and her brother were not Bolsheviks at all. "Most of Moscow was anti-Communist. The town swarmed with White Russians." From the Friedes he obtained copies of all confidential documents passing through Col. Friede's hands as Chief of Staff.

Captain Reilly next proceeded to organize a great conspiracy to overthrow the Bolshevik regime. This seems to have been entirely his own idea and to have had no British money behind it. He organized it on the "fives" plan: each conspirator knew only four others besides himself, but all were known to Captain Reilly. He wrote: "No less than 60,000 officers, who lived in Moscow, were in the conspiracy and were ready to mobilize immediately the signal was given,

A well-known Tsarist officer, General Judenitch, was immediately to take command of the army. From outside our nearest assistance would be from General Savinkoff who was hammering away at the outskirts of Russian with one of the counter-revolutionary armies. . . All arrangements were made for a provisional government."

The most formidable obstacle was the Lettish garrison, mercenaries in the pay of the Bolsheviks. However, money was soon forthcoming from monarchists for the purchase of the Letts: it poured in in large quantities from patriotic Russians ready to sacrifice their all. Captain Reilly next got in touch with Colonel Berzin, one of the three Lettish commandants. He proved sympathetic and joined in the conspiracy and guaranteed his men, who are described as having small love for the Bolsheviks.

Meantime the situation was becoming increasingly precarious. Tcheka raids were steadily proceeding. On July 6 Count Mirbach, the German Ambassador, was assassinated by a counter-revolutionary who blamed Germany for the Bolshevik revolution. Hundreds of arrests and executions followed this event. The Bolsheviks wished also to drive the foreign envoys from Moscow.

The conspiracy was soon complete. On the signal being given, their Lettish bodyguards were to arrest Lenin and Trotsky, who were to be publicly paraded through the streets in order that their prestige might be broken completely. At the same time the provisional army was to mobilize and the provisional government was to be instituted under General Judenitch. A simultaneous rising was to take place in Petrograd where Uritsky, head of the Tcheka, was to be arrested.

On August 30, prior to any signal being given, Uritsky was assassinated in Petrograd. It immediately became apparent that the Bolsheviks had learned of the conspiracy. They at once stormed and sacked the British Embassy building in Petrograd, killing Captain Cromie, the officer in charge. The next day Lenin was shot at in Moscow and wounded by a Jewess, Dora Kaplan, an agent of Boris Savinkoff, the counter-revolutionary. Wholesale arrests followed, and 500 of the leading figures of the old regime in Moscow were shot that night. Mr. Lockhart, the British agent in Moscow, was presently arrested and closely questioned as to the whereabouts of Captain Reilly, whom,

he says in his book, he had not seen for a month, and of whose conspiracy he knew nothing. In writing his book Mr. Lockhart still seemed half to incline to his original view that the conspiracy was a myth.

The newspapers on September 2 came out with flaming headlines describing what they called "The Lockhart Plot." Says Mr. Lockhart in his book: "On the Tuesday we read the full tale of our iniquities in the Bolshevik Press, which excelled itself in a fantastic account of a so-called Lockhart Plot. We were accused of having conspired to murder Lenin and Trotsky, to set up a military dictatorship in Moscow, and by blowing up all the railway bridges to reduce the populations of Moscow and St. Petersburg to starvation. The whole plot was revealed by the loyalty of the Lettish garrison, whom the Allies sought to suborn by lavish gifts of money. . . An equally fantastic story described the events in St. Petersburg. Cromie's murder was depicted as a measure of self defence by the Bolshevik agents who had been forced to return his fire. Huge headlines denounced the Allies as 'Anglo-French bandits,' and in their comments the leader writers shrieked for the application of a wholesale terror and of the severest measures against the conspirators."

It was following these events that the Red terror burst in full force upon Russia. The "Daily Mail Year Book" for 1919 said of the events following: "The whole country had become a shambles, where officers were daily 'burnt alive, crucified, thrown into rivers with stones tied to their feet.' " Wholesale arrests of foreigners took place and Mr. Lockhart was imprisoned for a month, his fate hanging in the balance. The British Government retaliated by arresting Litvinoff and exchanging him for Lockhart. Captain Reilly, after hair-breadth adventures, finally escaped down the Baltic in a motor-launch.

The actual result of the Reilly conspiracy of 1918 was thus that immense numbers of Russians opposed to the Bolshevik regime were arrested and executed after its disclosure, and that these persons were represented to the Russian people as conspiring with a foreign Power to overwhelm a Russian workmen's government. The people were thus asked, not to destroy patriotic citizens whose sin was dislike of Bolshevism, but to hunt down traitors to Russia. The Bolsheviks in this way became possessed of a most convenient pretext for exterminating all elements capable of

forming centres of resistance to their rule. This they availed themselves of to the full.

No clear account is given in any of the books from which this material is gathered as to the extent to which the Bolsheviks gained knowledge of, and executed, the actual participants in the Reilly conspiracy. Captain Reilly, Mr. Lockhart, and Captain Hill express the opinion that the conspiracy was betrayed by a French secret service agent named Marchand. There are indications that a very considerable number of the conspirators did perish.

The portion of "The Adventures of Sidney Reilly, Britain's Master Spy," written by Captain Reilly is solely concerned with the story of the Russian conspiracy. A foreword by Mrs. Reilly gives an account of her husband's early life, and the concluding 180 pages, also written by Mrs. Reilly, deal with her husband's subsequent career up to the time of his mysterious disappearance in September, 1926. After the war Captain Reilly became associated with various White Russian conspiracies abroad, and was for some years closely associated with Boris Savinkoff, who was regarded as the chief hope of the White Russian exiles, until in 1924 he entered Russia and went over to the Bolsheviks, who responded by imprisoning him. Finally, Savinkoff was either murdered or committed suicide.

According to Mrs. Reilly all the plots in these years in which her husband participated were invariably found to have been betrayed in some mysterious way to the Bolsheviks, who apparently had an agent of the Tcheka sitting in even the most secret gatherings. Eventually, Captain Reilly, after having resolved on no account ever to go into Russia again, is stated to have received word from a "Commander E" attached to the British consular service on the Russian frontier, of a promising counter-revolutionary movement which desired his assistance. After pressure he agreed to go to Finland to meet its leaders. From Finland he set out to make a quick trip into Russia at the end of September, 1926. The party is supposed to have been shot by the frontier guards, though a Latvian paper later published a statement that Captain Reilly had been seen alive in prison in Russia. In her book published in 1931 Mrs. Reilly wrote uncertain whether she was wife or widow.

Mrs. Reilly herself was formerly an actress named Pepita Bobadilla, and when she first met Sidney Reilly in 1922

(marrying him in 1923) she was the widow of the British dramatist, Haddon Chambers. According to her account Sidney Reilly was born in 1874, and was the son of an Irish merchant sea captain and a Russian mother. He was educated in Petrograd on purely Russian lines and then obtained a post with the *Compagnie Est Asiatique*, by 1900 becoming its chief agent at Port Arthur in Manchuria. In 1904 he returned to Petrograd and joined the firm of Mendrovitch and Count Tchubersky, the leading Russian naval contractors, and representing in Russia the Hamburg shipbuilding firm of Bluhm and Voss. Here it may be noted that Bluhm and Voss built largely for the Hamburg-Amerika and North German Lloyd lines and thus presumably came within the financial ambit of the Hamburg banking-house of M. Warburg and Company dominating German shipping. Mrs. Reilly states that at the conclusion of the Russo-Japanese War Bluhm and Voss acted as agents for the repatriation of Russian prisoners of war in Japan, and Reilly took an active part in this work, according to Mrs. Reilly greatly increasing his standing in Russian official circles by his competency therein. On the outbreak of the Great War in 1914 he proceeded to Japan to place contracts for military equipment. From Japan Reilly proceeded to America placing orders for war supplies, and when the Russian revolution occurred and Russia dropped out of the war he offered his services to Britain as recorded by Colonel Thwaites.

In "Behind the Scenes in Espionage" (1929) by Winfried Ludecke, a different account is given of Captain Reilly's early career, which account Mrs. Reilly says "abounds in accuracies." According to this version Reilly was the son of an Irish merchant and a Russian Jewess. At Port Arthur he was in business for a time as a timber merchant, "but all this was merely make-believe to conceal his real activities as a spy in the service of the Japanese Government." In Russia later on "with the help of an intimate Russian friend, Countess 'R,' he succeeded in entering the circle of Rasputin." Incidentally, it may not be wholly irrelevant to recall that Mr. Jacob Schiff, then head of Kuhn Loeb, and partner with the American Warburg brothers, was decorated by the Mikado for his services in financing Japan in her war against Russia.

Mr. Lockhart in his book records that uncertainty regarding Captain Reilly prevailed in at least one quarter in Moscow after the great conspiracy missfired. Mr. Lockhart's

first contact with Reilly occurred on May 7, 1918, when he was informed by the Bolshevik Government that an officer named "Relli" had called at the Kremlin demanding to see Lenin, and had announced that he had been sent by Mr. Lloyd George to report on Russian conditions as the British Government was not satisfied with the Lockhart reports. Mr. Lockhart was dumbfounded, and on making enquiries discovered that a new secret service agent named Reilly had arrived from England. He adds that he then sent for Captain Reilly and gave him a "wiggling." In August Reilly threw out a suggestion that after the impending departure of the foreign envoys, he might be able to stage a counter-revolution, but Mr. Lockhart says he sternly warned him against any such dangerous idea. After the crash Mr. Lockhart discussed the Reilly conspiracy with Mr. Poole, the American Consul-General in Moscow. He writes:

"I found that Poole, the American Consul-General, took a more serious view of the conspiracy. He was inclined to regard Reilly as an agent-provocateur, who had staged this plot for the benefit of the Bolsheviks. One account of the conspiracy mentioned a project whereby Lenin and Trotsky were not to be murdered, but were to be led through the streets of Moscow in their shirts. This fantastic proposal could have emanated only from Reilly's fertile imagination. I laughed at Poole's fears. Later I was to know much more of Reilly than I did at that time, but my estimate of his character did not alter. He was then in his forty-sixth year. He was a Jew, with I imagine, no British blood in his veins. His parents came from Odessa. His real name was Rosenblum. The name of Reilly he had taken from the second name of his father-in-law, an Irishman named Callahan. How he became a British subject I do not know to this day. Prior to the war he had spent most of his time in St. Petersburg, where he had earned considerable sums of money as a commission agent in various forms of business. He was a man of great energy and personal charm, very attractive to women and very ambitious. I had not a very high opinion of his intelligence. . . On the other hand, his courage and indifference to danger were superb. Moreover, Captain Hill, his associate in his dangerous plan to remain on in Moscow after our departure, was a man whose loyalty was above suspicion. He was as brave and as bold as Reilly. He spoke Russian just as well. If there had been any double-crossing

by Reilly, Hill would not have failed to detect it. Ridiculous as this story was, I found nevertheless that through Poole it had gained some credence in England. When two months later I reached London, I had to go bail with the Foreign Office for Reilly's bona fides when, after a series of hair-breadth escapes, this remarkable man succeeded in making his way to Bergen, I did so without any hesitation."

Captain Hill, Reilly's secret service associate in Russia, relates in his book, "Go Spy the Land" (1932) that his (Captain Hill's) father was an English merchant resident in Russia with a business "that stretched out over Russia, across Siberia, and down into Persia through Turkestan." Of his mother's race he makes no mention. He tells that in his youth he was much excited at meeting Maxim Gorki. The first exploit in his career described in his book concerns the escape of a young Jewess from Russia in pre-war days. "One of my greatest business friends," says Captain Hill, "was a Mr. B., a wealthy Jewish merchant of St. Petersburg with whom I stayed whenever I visited the capital." Mr. B.'s niece Sonia was arrested. "After weeks of buying and bribing he and his brother managed to get Sonia out on bail, which was fixed at £2000. That sum gives some idea of the graveness of the charges which were being brought by the authorities against her." Mr. Hill, as he then was, was appealed to, and smuggled Sonia out of Russia with him when departing on a business trip abroad. No mention is made of the nature of the charges against the lady. On the outbreak of war Mr. Hill was on a fishing trip in British Columbia and joined up there. He served as an interpreter with the British forces in France, had his knee shattered in No Man's Land, and after convalescence was appointed to the Intelligence Service first in Salonika and later in Russia.

Mr. Lockhart himself is a Scot born in 1887. He states in his book that from Fettes College, Edinburgh, he went to Berlin and Paris to complete his education. In 1908 he went to Malaya to take up rubber-planting. A bad attack of malaria brought him back, coupled with an affair with the ward of a local sultan who had taken up her abode in his bungalow. In 1912 he was appointed British Vice-Consul in Moscow. The next year he returned to England to be married. From 1915 to 1917 he was acting Consul-General at Moscow, until in the latter year he formed an attachment with a Jewess whom he had met casually at a theatre. The affair was talked of to

such an extent that it reached the Ambassador in St. Petersburg, to whom Mr. Lockhart promised to break it off. He failed to do so, and was in consequence sent back to England on sick leave by the Ambassador. He was back in London in September, 1917.

On December 21, 1917, Mr. Lloyd George sent for Mr. Lockhart and told him he wished him to go to Moscow and establish relations with the Bolsheviks as unofficial agent. The Bolsheviks had already appointed Litvinoff as Soviet Ambassador in London. Mrs. Webster in "The Surrender of an Empire" states regarding this appointment: "In December, 1917, after the Bolshevik Government had come into power, Lenin and Trotsky chose Rothstein for the post of Bolshevik Ambassador to Great Britain, but finally decided on Litvinov because, as Radek observed: 'Rothstein is occupying a confidential post in one of the British Government Departments, where he can be of greater use to us than in the capacity of semi-official representative of the Soviet Government.' (Evidence of a Russian to whom this statement was made. 'Patriot,' November 15, 1923)."

Of Litvinoff, recently president of the Council of the League of Nations, Mrs. Webster wrote: "Meyer Genoch Moisevitch Wallach, alias Litvinov, sometimes known as Maxim Litvinov or Maximovitch, who had at other times adopted the revolutionary aliases of Gustave Graf, Finkelstein, Buchmann and Harrison, was a Jew of the artisan class born in 1876. His revolutionary career dated from 1901, after which date he was continuously under the supervision of the police and was arrested on several occasions. It was in 1906, while he was engaged in smuggling arms into Russia, that he lived in St. Petersburg under the name of Gustave Graf. In 1908 he was arrested in Paris in connection with the robbery of 250,000 roubles of Government money in Tiflis in the preceding year. He was, however, merely deported from France.

"During the early days of the War Litvinov, for some unexplained reason, was admitted to England 'as a sort of irregular Russian representative,' and was later reported to be in touch with various German agents and also to be actively employed in checking recruiting amongst the Jews of the East End, and to be concerned in the circulation of seditious literature brought to him by a Jewish emissary from Moscow named Holtzmann. Litvinov had as a secretary another Jew

named Joseph Fineberg. . ." This Fineberg, Mrs. Webster relates, was a member of the British Independent Labour Party (of which Mr. Ramsay MacDonald was chairman), of the British Socialist Party and the Independent Workers of the World. He represented Litvinoff at the Leeds conference of June, 1917, at which Messrs. Ramsay MacDonald, Snowden and others issued a manifesto, of which an immense number of copies were circulated, calling on the British people to rise and form Workers' Councils on Soviet lines. In passing it may be noted that in Mr. Lockhart's "Retreat from Glory" it is stated that Litvinoff was married to a niece of the late Sir Sidney Low, a well-known writer in the British monthly reviews.

For Mr. Lockhart to proceed with his mission from Mr. Lloyd George it was necessary for him first to get in touch with Litvinoff in order to secure introductions to Lenin and Trotsky. This he did through Mr. Rex Leeper, of the Foreign Office, who was on friendly terms with Rothstein "subsequently Bolshevik Minister in Teheran, then an official translator in our own War Office." Mr. Lockhart mentions that Rothstein was a Jew and had a son, a British subject, in the British army. Mrs. Webster in her book states that Theodore Rothstein, whom Mr. Lockhart was now contacting, was previously in 1905 intriguing against British rule in Egypt.

Mr. Lockhart seems to have shaped out the general plan of his mission in discussion with Rothstein, and the latter then arranged for him to meet Litvinoff, and from Litvinoff he secured a letter of introduction to Trotsky. At the end of January, 1918, Mr. Lockhart was in Russia, and in contact with the Bolshevik leaders. In his reports to London he advised against all intervention in Russia which had not the approval of the Bolsheviks. His advice was not well received in London. He remarks that "George Clerk, then Head of the War Department in the Foreign Office . . . and Colonel Kisch, who was then at the War Office, are almost the only senior officials who have been generous enough to sympathise with my attitude. . ." Mrs. Lockhart had remained behind in England, and told her husband that his views were unpalatable to the British Government. Mr. Lockhart relates at length that he was not without female society in Russia. In March he met a Russian to whom he gives no other name than Moura. He adds: "In April she came to stay with us in

Moscow. . . Into my life something had come which was stronger than any other tie, stronger than life itself. From then onwards she was never to leave us, until we were parted by the armed force of the Bolsheviks." During Mr. Lockhart's imprisonment the Bolsheviks were even obliging enough to permit Moura to visit him. No light is thrown on the history or political affiliations of this lady. As we shall see later, Mr. Lockhart appears in after years to have been of considerable service to the Bank of England in Central Europe at one stage.

Enough has now been assembled to give some idea of the background and personnel of certain curious episodes of the war years. The reader must put his own interpretation on the significance of these events. The general deduction may be safely made that British affairs are likely to be a good deal better managed, and British security and prestige more firmly maintained, by persons of purely British blood and pronounced British instincts than by those who dabble in the muddy waters of internationalism. The further deduction may also be made that there is usually a good deal more behind world events than might be imagined from perusal of the items of intelligence flashed about the world by the news agencies.

Chapter IV

AROUND THE THRONE OF MARS

1. LORD HALDANE AND HIS FRIENDS

THE same racial atmosphere, so pronounced in the events in Russia related in the preceding chapter, was to be noted elsewhere during the Great War. At Serajevo on June 28, 1914, the Archduke Franz Ferdinand, heir to the throne of Austria, was assassinated, this event precipitating the conflict. The assassin was Gabriel Prinzip, a student aged 19, and listed as a Jew in the index to the late Lady Queenborough's "Occult Theocracy" (British-American Press, Chatou, France, 1931) and so described by other writers also. The assassination was planned in the Narodna Odbrana Masonic lodge, as was evidenced at the subsequent trial for high treason of persons concerned, which trial lasted until the spring of 1916. Lady Queenborough also stated that on September 15, 1912, nearly two years before the event, "La Revue Internationale des Societies Secretes" printed the following: "Possibly also, some day we will understand the remark made by a Swiss about the Archduke, the heir to the Austrian throne. 'He is all right. It is a pity that he has been condemned. He will die on the steps of the throne.' "

In 1912 the late Lord Haldane, then Lord Chancellor in the Asquith Ministry, went on a peace mission to Germany. Of Lord Haldane, Mrs. Webster writes as follows in "The Surrender of an Empire" (1933): "Lord Haldane, the principal antagonist of Lord Roberts's scheme of National Service, has been praised for the creation of the Expeditionary Force of 1914, but if Lord Roberts had been listened to we should have been able to put half a million men instead of 80,000 into the field soon after the outbreak of war. Moreover, if Lord Roberts instead of Lord Haldane

had conducted the negotiations with Germany in 1912, would there have been a war at all? Germany had made no secret of her intentions, the plans of her militarists were there for everyone to read . . . Amongst the proposals made to Lord Haldane in 1912, not disclosed to the public at the time, was one to which the British Government refused to subscribe, namely, 'that England would observe friendly neutrality should Germany be forced into war' . . . In return for such an undertaking Germany would consent to give up the essential parts of her programme for the increase of her navy. . . . Lord Haldane admitted that he returned from his visit to Berlin 'feeling uneasy.' 'Germany was piling up armaments. She showed no disposition to restrict her naval development.' But publicly Lord Haldane did all he could to reassure the nation, and in July Mr. Asquith spoke in the House of an exchange of views having been continued 'in a spirit of complete and open friendliness.' "

In December, 1913, Lord Haldane declared that our relations with Germany were "twice as good as they were two years ago," and in January, 1914, that "there was a far greater prospect of peace than there ever was before." On January 1, 1914, in an interview in the "Daily Chronicle," Mr. Lloyd George, then Chancellor of the Exchequer, said the prospects for peace were so good that naval expenditure should be reduced. On July 23, 1914, Mr. Lloyd George in the House of Commons forecasted "substantial economy" in naval expenditure, and said he saw "signs, distinct signs of reaction against armaments." Within a fortnight Britain was at war.

The Chancellor of Germany at this date was Dr. von Bethmann Hollweg. In "Men Around the Kaiser" (Heinemann, 1914) by Mr. F. W. Wile, London "Daily Mail" correspondent, it is stated that Dr. von Bethmann Hollweg came of "an old-time Frankfort merchant and banking family," the founder of which had been driven from Holland on account of his religion. What that religion was is not stated. In an extract from "The Secret Government" by Count Spiridovich quoted in Irvin Potter's pamphlet "The Cause of Anti-Jewism in the United States" (P.O. Box 162, Astor Station, Boston, Mass.) reference is made to "Miss Bethmann, of Frankfort, a daughter of a partner of the Rothschilds, an ancestor of the German Chancellor Bethmann-Hollweg-Rothschild, the 'hero' of the 'scrap of paper' incident."

The British Ambassador to Germany at the outbreak of war was Sir Edward Goschen, a member of the Jewish family which conducts the London international banking-house of Goschens and Cunliffe. This family is descended from Georg Joachim Goschen, a Leipzig publisher and grandfather of Sir Edward Goschen. Lord Cunliffe, a partner in Goschens and Cunliffe, was Governor of the Bank of England during the war, and was chairman of the Treasury Committee which in 1918 recommended that as soon as the war was over the British currency should be deflated and the gold standard restored—that is to say, that the huge war debt incurred in paper money should be made repayable in gold. Both these steps were later taken under Mr. Montagu Norman's Governorship of the Bank of England, and both were accompanied by ruinous results to British trade and employment. In the "Fascist" for May, 1935, it is stated: "There are Goschens on Rumanian, Ottoman and other banks. It may be said of the Goschens generally that they have faithfully permeated British politics and economics with Jewish Liberalism, Jewish Free Trade, Jewish Finance and Jewish Speculation."

Lord Haldane was a Scotsman who completed his education in Germany. He was a Liberal M.P. from 1885 to 1911, and in 1912 was given a peerage and made Lord Chancellor in the Asquith Ministry. He was very intimate with Mr. and Mrs. Sidney Webb, Mr. Bernard Shaw, and other leaders of the Socialist Fabian Society and the Labour Party, and in 1924 became Lord Chancellor in the first Ramsay MacDonald Labour Government. In his autobiography "Richard Burdon Haldane" (Hodder and Stoughton, 1929), published just after his death, Lord Haldane recorded intimate friendships with the following Jews:

Sir Ernest Cassel, financier, friend of King Edward VII, former business associate of Jacob H. Schiff of Kuhn, Loeb and Company, and founder of the Vickers armament combine;

Herr Walther Rathenau, German financier and head of the great German electrical combine, the A.E.G., who as German Foreign Minister sprang a surprise on the Genoa Conference of 1922 by announcing that Germany had recognized the Bolshevik Government, being the first State in the world to do so;

Herr von Gwinner, head of the great Deutsche Bank

controlling the German metal industries and with powerful connections in the City of London;

Professor Einstein, scientist, participator in 1927 with numerous Communists in the conference in Brussels which formed the League against Imperialism, listed by the British Labour Party as a Communist subsidiary; and also mixed up with other bodies of similar character;

Mr. Justice Brandeis, the first Jew to be appointed to the United States Supreme Court Bench and a prominent Zionist leader;

Professor Felix Frankfurter, of Columbia University, New York, and rebuked by former President Theodore Roosevelt for his activity on behalf of Communistic law-breakers; and, finally,

Lord Rothschild, at whose mansion house at Tring Park, Lord Haldane relates that a bedroom was for many years kept permanently reserved for his week-end use.

It was as the result of arrangements made by some of his Jewish friends that Lord Haldane made his famous Peace Mission to Germany in 1912. The circumstances were thus described in the London "Jewish Chronicle" of September 14, 1934 (vide "Fascist," October, 1934): "It was under his (the late Mr. Alfred Rothschild's) roof that Joseph Chamberlain met the German Ambassador to discuss matters of common interest. Subsequently, Sir Ernest Cassel on the one side and Albert Ballin on the other carried on the negotiations so far as to render possible the Haldane official visit to Berlin."

Herr Ballin, like Sir Ernest Cassel, was a Jew. He was head of the Hamburg-America steamship line, which line, according to matter in the London "National Review" of March, 1925, was controlled by Warburgs' bank in Hamburg, conducted by the brothers of Mr. Paul Warburg, partner in Kuhn, Loeb and Company, New York, and founder of the United States Federal Reserve system. When the war broke out in 1914 an attempt was made to transfer the Hamburg-America line to the United States flag. Sir Cecil Spring-Rice, British Ambassador in the United States, wrote to Sir Edward Grey of this episode on August 25, 1914: "It is not a very pleasant business. The company is practically a German Government affair. . . the Emperor himself is a large shareholder, and so is the great banking-house of Kuhn and Loeb, of New York. A member of that house has been appointed

to a very responsible post in New York, although only just naturalized. He is connected in business with the Secretary of the Treasury, who is the President's son-in-law. It is he who is negotiating on behalf of the Hamburg America Company." This letter appears in "The Letters and Friendships of Sir Cecil Spring Rice" (Constable, 1929), the editor appending a footnote to say that Mr. Warburg was a member of the Federal Reserve Board and had been a partner of Mr. McAdoo, President Wilson's Secretary of the Treasury. In another letter in the same volume, written on November 13, 1914, Sir Cecil Spring-Rice remarked that the German-Jewish bankers were getting hold of the principal New York papers, Kuhn, Loeb and Company, and "Schiff, the arch-Jew and a special protegee of the Emperor," having acquired the "New York Times." The Ambassador added: "Warburg, nearly related to Kuhn, Loeb and Schiff, and a brother of the well-known Warburg of Hamburg, the associate of Ballin, is a member of the Federal Reserve Board, or rather THE member."

Numerous books on war-time secret service work in the United States refer to the offices of the Hamburg-America line as a centre of German espionage and sabotage. In "Plain Words from America" (Hodder and Stoughton, 1917) Professor Douglas W. Johnson, of Columbia University, New York wrote, under date of February, 1916: "Our Courts have convicted and sentenced to 18 months' penal servitude three high officials of the Hamburg-America Steamship Line for a conspiracy to help German warships in defiance of our laws. These officials admitted spending nearly two million dollars of German gold in this illegal work." Lady Queenborough in her "Occult Theocracy," in touching on German participation in the Irish Rebellion of 1916, refers to "Casement, whose political activities were ruled by the two Germans, Albert Ballin of the Hamburg-American Line and Professor Kuno Meyer." Sir Roger Casement was arrested when landing from a German submarine on the coast of Kerry in April, 1916, and afterwards shot for treason. In the November, 1935, issue of the "Free Press" (London) it is asserted that Herr Ballin's suicide during the war was in consequence of the decision of the Jewish Zionist movement to swing over its support from the Central Powers to the Allies.

In noticing a new book "The Eve of 1914" by T. Wolff, the London "Daily Telegraph" of October 7, 1935 (vide

"Fascist," November, 1935) said: "Perhaps the most revealing picture in Herr Wolff's book is that of the Emperor receiving from the hands of Sir Ernest Cassel the British Government's proposals for an agreement. They went no farther than a suggestion of 'reciprocal assurances debarring either Power from joining in aggressive designs or combinations against the other.' William chose to read this as a formal offer of neutrality in the event of Germany being involved in war at any future date,' and he and Bethmann-Hollweg and Ballin—evidently, says Herr Wolff, 'in a state of pleasant excitement'—set to work to draft a reply on that quite unfounded assumption. With such pathetic frivolity did the Government of the Empire stray towards its fate."

Lord Haldane in his autobiography gave the following account of how his peace mission of 1912 originated: "In January, 1912, Sir Ernest Cassel, who was well known to the Emperor, and who had made informal suggestions to Bethmann-Hollweg, after consulting certain of my colleagues here as to easing the tension, returned to London from Berlin." Lord Haldane adds that Sir Ernest Cassel told Mr. Asquith that he thought a Cabinet Minister should make a visit to Berlin. Cabinet decided to act on this suggestion and sent Lord Haldane across. The initiative in the whole proceeding was thus Jewish.

2. A DINNER PARTY AND A LETTER

The exact sequence of events leading to the outbreak of war at the beginning of August, 1914, makes an extremely interesting study. The assassination of the heir to the throne of Austria by the Jew Prinzip under circumstances indicating Servian complicity was an event well calculated to excite intense feeling in Austria, leading to war on Servia. In view of the immediately preceding upheavals in the Balkans and the attitude of the Powers thereto, it was certain that war between Austria and Servia would bring in Russia to prevent the overwhelming of a Balkan State. The advent of Russia into the war must inevitably bring in Germany in support of her ally, Austria; and this meant that France must also inevitably come in on the Russian side. All these things were obvious and apparent. The uncertain thing was what Great Britain would do. If Britain remained neutral there was

no balance of power in Europe against war. Before Britain finally and unequivocally declared herself on August 4 the other four Powers were at war.

It has been asserted in various quarters that had Britain made plain her intentions before the die was cast there would have been no European War. The balance of power in such case would have been too heavily against an appeal to arms. The British Blue Book containing correspondence from July 20 to September 1, 1914, relative to the crisis, reveals that on July 30 President Poincare of France stated to the British Ambassador in Paris that "he is convinced that peace between the Powers is in the hands of Great Britain," and that if Britain announced that she would come to the aid of France "there would be no war, for Germany would at once modify her attitude." M. Paul Cambon, French Ambassador in London, on July 31 told Sir Edward Grey, British Secretary for Foreign Affairs, that the French Ambassador to Germany had reported that it was the uncertainty as to whether Britain would intervene which was the encouraging element in Berlin, and that if Britain would come out definitely on the side of Russia and France "it would decide the German attitude in favour of peace." Sir Edward Grey refused to give any such assurance.

On the German side similar views have been expressed. The German Chancellor, Herr von Bethmann-Hollweg, in a speech on December 2, 1914, said: "The Cabinet of London could have made this war impossible by declaring without ambiguity in Petrograd that England was not prepared to allow a Continental war in Europe to develop out of the conflict between Austria and Servia." In "Who Began the War and Why" (N.Y. "Times," December, 1914) Dr. Dernburg, former German Colonial Secretary, described Britain as suddenly declaring war "to the surprise and indignation of all those Germans who for years had been working toward an adjustment of the conflicting interests of both countries." In a German pamphlet published in 1921 "England's War Guilt," being a lecture by Herr O. Hartwich, president of the National League for the Vindication of Germany's Honour, the blame was thrust on Mr. Asquith, Sir Edward Grey and Lord Haldane, and the latter's peace mission of 1912 was described as **"nothing but a trick in order to deceive Germany."** It was further stated: "Had England only clearly and positively stated that it would not allow

troops to march through (Belgium), Germany would have considered other measures."

The whole circumstances indicate that it was at least possible that knowledge of England's attitude would have tipped the scale in favour of peace in Berlin. From this it follows that every circumstance tending to a belief that Britain would remain neutral must in such case help to precipitate war. On the German side it has been pointed out that Sir Edward Grey on July 2 in an interview with the Austrian Ambassador in London dwelt on the terrible possibilities of a European conflagration, picturing the consequences "if as many as four Great Powers of Europe—let us say, Austria, France, Russia and Germany—were drawn in." It was thus noticeable that Sir Edward Grey was able to envisage such a conflict with Britain still remaining neutral. This in itself must have been an encouraging fact to the war party.

On July 29 Sir Edward Grey told the German Ambassador, Prince Lichnowsky, not to be misled "into thinking we should stand aside." Prince Lichnowsky asked whether this meant that under certain circumstances Britain would intervene. Sir Edward Grey immediately took away all force from his statement by replying: "I did not wish to say that." On the same day Sir Edward Grey told the French Ambassador of this "warning" to Germany, but added: "If Germany became involved and France became involved we had not made up our minds what we should do." Similar vague warnings to Germany were repeated on July 30, July 31, and August 1. At the same time France was repeatedly told that Britain could give no promise of assistance. On August 1 Prince Lichnowsky was still inquiring precisely on what terms Britain would remain neutral. He asked if Britain would refrain from war if Germany kept out of Belgium. Sir Edward Grey replied: "I could not say that." Prince Lichnowsky asked if Sir Edward would formulate any terms at all on which Britain would remain neutral. The only answer given was: "We must keep our hands free."

On August 2 Germany and Russia were at war, and German troops entered Luxemburg and advanced towards France. Britain on this day informed France that if the German fleet proceeded to make any attack on French coasts or shipping "the British fleet will give all the protection in its power." In communicating this decision Sir Edward Grey

minimised its significance by adding that "the Government felt that they could not bind themselves to declare war upon Germany necessarily if war broke out between France and Germany to-morrow." The British fleet would only act in a certain event and for a limited objective, not otherwise.

It seems that right up to the last there was hope in certain German quarters that Britain would remain neutral. Prince Lichnowsky, the German Ambassador in London, wrote as follows in his pamphlet, "My Mission to London, 1912-1914"; "Till the very last moment I had hoped that England would adopt a waiting attitude. Nor did my French colleague feel at all confident, as I heard from a private source. Even on the 1st August the King had given the President an evasive reply. But England was already mentioned as an opponent in the telegram from Berlin announcing the imminent danger of war. Berlin was therefore already reckoning on war with England."

The above is the picture presented by the official communications. It so happens, however, that during the crisis there was unofficial contact between Sir Edward Grey and Berlin. In Lord Haldane's autobiography (1929) it is related that throughout the crisis Sir Edward Grey stayed with Lord Haldane at the latter's house at Queen Anne's Gate, London. As noted above, Lord Haldane's autobiography shows that his most intimate friends frequenting his house included numerous Jews and Socialists. One most particular friend, not coming under either of these headings, was Lord Morley, Lord President of the Council, who disapproved of the war so much that he resigned from the Cabinet the day it was declared. It was in a domestic atmosphere saturated with these influences that Sir Edward Grey lived through the days of Britain's crisis.

Lord Haldane relates that near the end of July, 1914, about a week before Germany was at war, Herr Albert Ballin visited London and dined with him at his house. Sir Edward Grey, who was staying in the house, and Lord Morley were also present at this dinner. Herr Ballin, we have seen, was head of the great Hamburg-America shipping company and closely allied with an important group of Jewish international financiers exercising great power and influence in Germany in close collaboration with the German Government, and also exercising equally great power in the United States.

Although a private citizen holding no official position,

Herr Ballin was nevertheless a personage of political importance. In "Men Around the Kaiser" (1914) he is thus referred to by Mr. F. W. Wile, London "Daily Mail" correspondent in Berlin: "Ballin of Hamburg stands in the same relation to the Kaiser as did those counsellors of another generation to their sovereigns and governments—Rothschild of Paris to Napoleon III, and Bleichroder of Berlin to Emperor William I and Bismarck. Having tried and failed repeatedly to make him a Cabinet Minister, William II advises with the Director-General of the Hapag (Hamburg America)." Further light on the relationship of Herr Ballin to the Kaiser is to be gained from "Farewell to Fifth Avenue" (Gollancz, 1935) by Cornelius Vanderbilt, Jr. Describing an interview with the former Crown Prince of Germany at the time Herr Hitler became Chancellor, Mr. Vanderbilt reports the Crown Prince as saying that the Hohenzollerns had never been anti-Semitic. "'Anyone knows,' he [the Crown Prince] said, puffing at his cigarette, 'that my father counts, and still counts, numerous personal friends among the Jews. His closest adviser in the days of the Empire, the late Albert Ballin, was a Jew, for one thing.'"

The dinner at Queen Anne's Gate in the midst of the European crisis was thus a meeting of three British Cabinet Ministers, including the Secretary of State for Foreign Affairs, with the closest adviser of the German Emperor. It occurred at a moment when it was of the highest importance to Germany to ascertain whether England would remain neutral in event of war, which information she had been in vain endeavouring to extract through ordinary diplomatic channels. Lord Haldane relates that after dinner Ballin "spoke to Grey and myself separately about the position of Britain, and our relations with Germany." As to what transpired, Lord Haldane states:

"We both told him that so far these were quite good, but that their maintenance was dependent on Germany not attacking France. In such a case Germany could not reckon on our neutrality."

On August 3, the day before Britain presented her ultimatum to Germany, Lord Haldane received a letter from Herr Ballin. This letter was written in Berlin under date of August 1, and was considered of sufficient importance by its writer to be sent to London by messenger. It was published for the first time in Lord Haldane's autobiography in 1929.

"Ballin is now no more," wrote Lord Haldane, "and there is no substantial reason why I should not publish the letter." Herr Ballin's version of the dinner-party conversation was set out as follows in the letter:

"Last week you gave me in your clear manner the impression that England would only be induced to make a martial intervention if Germany were to swallow up France; in other words, if the balance of power were to be greatly altered by German annexation of French territory."

There was an enormous discrepancy between these two renderings of the conversation. Lord Haldane's version was on the same non-committal lines as the British statements in the Blue Book containing the records of the diplomatic correspondence and interviews during the crisis. Herr Ballin's version was a favourable answer to the German Chancellor's proposition that in return for British neutrality Germany would undertake not to annex any portion of France. Through ordinary diplomatic channels Germany had been unable to elicit any indication as to what Britain would or would not do. If in the midst of this uncertainty the Kaiser's closest adviser came back from London and reported positive statements by Britain's Foreign Secretary and Lord Chancellor on the lines set out in Herr Ballin's letter, it is quite possible that this inside information may have been decisive in Berlin in settling the issue on the side of war.

Curious happenings followed on the receipt of the letter. Lord Haldane continues: "I did not answer this letter, which arrived only the day before war broke out. The only material point about it was that Ballin had represented Grey and myself as having used the words 'swallow up,' whereas we had really said 'attack' when we defined the condition. The letter did not appear to me to be of importance. But the 'Times' somehow discovered that Herr Ballin had sent me a letter through a messenger. The circumstance was at once made public, and I was questioned about it in the House of Lords. I replied that it was a private letter from Herr Ballin, whom I knew well, thanking me for hospitality, and that it contained no information that could be useful to the public. I therefore refused to read it aloud."

It is to be noted that whereas Herr Ballin had thought the letter of sufficient importance to be sent from Berlin to

London by messenger, Lord Haldane, on the contrary, regarded it as of no importance. The reference to the matter in the "Times" and the question in Parliament resulted in Lord Haldane (1) making public acknowledgement of the receipt of the letter, (2) refusing to disclose its contents, and (3) failing to deny its accuracy. The result of these happenings would necessarily be that any person in Germany to whom Herr Ballin had shown the letter before its despatch would tend to be convinced of the accuracy of its contents; and would infer that the attitude of the British Government had been correctly stated, but that for some reason that attitude had been abandoned and it was desired by Lord Haldane to conceal the facts. In effect, an apparent complete confirmation would be provided of the accuracy of Herr Ballin's rendering of the conversation, which rendering Lord Haldane says was not in accordance with fact. It is possible that the German Emperor saw the letter. It is possible that the letter was despatched to London by messenger with a view to eliciting confirmation of its accuracy. On top of this we have the further possibility that Herr Ballin's rendering of the conversation may have been decisive in plunging Europe and the world into war.

All the participants in the conversation at Queen Anne's Gate are dead. So far as the writer knows the discrepancies between the two renderings of this conversation remain an unsolved mystery. The point at issue was momentous, but it was simple. It is amazing to think that when the talk was over Lord Haldane on his side, and Herr Ballin on his side—two highly intelligent men—could accidentally misunderstand one another to this extent. But there the matter rests. If one statement is a true statement, the other must necessarily be untrue. All that can be said is that the incident reveals Jewish activity of a highly ambiguous and possibly decisive character at the inmost core of the European crisis, with the lives of millions of human beings swaying in the balance.

* * * *

In passing it is worth noticing that Lord Haldane's autobiography provides a curious instance of the way Jewish international financiers can sometimes do things in war-time that governments cannot do. Lord Haldane says: "I was also very intimate with the Rothschild family. At Tring Park I had a room which was always reserved for me, and I

paid week-end visits to Lord and Lady Rothschild with great regularity. With them both I was very intimate. Towards the end of my life, in 1915, I was in temporary charge of the Foreign Office while my colleague Grey was on holiday. It was ascertained there that a steamer had sailed from South America, and that, although neutral, there was reason to believe that she contained supplies intended for the Germans. There was no material to act on, and the only way was to use private influence. I motored to Lord Rothschild's house in Piccadilly and found him lying down and obviously very ill. But he stretched out his hand before I could speak, and said, 'Haldane, I do not know what you are come for, except to see me, but I have said to myself that if Haldane asks me to write a cheque for £25,000 and ask no questions, I will do it on the spot.' I told him it was not for a cheque, but only to get a ship stopped that I was come. He sent a message to stop the ship at once. I knew his brothers and other members of the Rothschild family also very well, and used to stay at their houses and dine with them very much. My friendship extended to the Paris branch of the family, and to Princess Wagram and Baroness James de Rothschild, Lady Rothschild's sisters. Every year I used to go to the Chateau Gros Bois near Paris to spend a week-end before Christmas with Prince and Princess Wagram."

The pervasive nature of Rothschild influence is evidenced by a few references. Lady Snowden, wife of the Labour Party Chancellor of the Exchequer, was reported as saying at a Jewish charity gathering in London on March 19, 1935: "For over fourteen years she had counted Lady Rothschild as her best friend" (vide "Fascist," June, 1935). According to the same journal for November, 1935, Mr. Anthony Eden, Britain's present Foreign Secretary, "is an intimate friend of the Rothschilds," sits next to them at public dinners, and had his seat next to a Rothschild at the Jubilee procession, although he did not actually occupy it."

3. DISPENSING WAR CONTRACTS IN BERLIN

An account of certain developments ensuing in Germany on the outbreak of war appears in "The Riddle of the Jews' Success" (Hammer-Verlag, Leipzig, 1927), a work written under the pen-name of F. Roderich-Stoltheim by the late

Theodor Fritsch, a widely known German anti-Semitic writer who died in 1933 aged 80. It is stated:

"Directly after the outbreak of war, the Hebrews, Rathenau and Ballin, took over the organization of the economic side of the war—ostensibly in the interests of the nation, but in reality to secure the lion's share of the army contracts for their racial comrades, and to create almost a Jewish monopoly of the entire trade carried on, not only in Germany itself, but with neutral foreign countries as well.

"An industrialist who visited the Prussian War Ministry in September, 1914, in order to tender, pictured to us his amazement when he found installed in this high office, not, as he had expected, officers and military officials, but preponderantly Jews. Herr Walther Rathenau sat in a large room at an enormous secretarial writing table, 'dispensed' and gave away the army contracts. Around him were seated, almost without exception, Jewish clerks and Jewish business people.—Herr Ballin, Director of the 'Harpag,' seeing his shipping enterprise temporarily paralysed by the war, offered himself to the Imperial Government as a voluntary organizer and business expert, migrated with his entire staff of officials and clerks to Berlin, and organized the 'Zentral-Einkaufsgesellschaft' (Central-Purchase-Company), and other Jewish undertakings.

"The feeble government under Emperor William II, which had always formerly favoured Jews in all important positions, allowed this to happen, owing to its embarrassment and perplexity; . . . it was the fact that since the beginning of William II's reign, the Jews have been the real rulers of the German Empire. For the last fifteen years, those in immediate personal contact with the Kaiser were Hebrew financiers, Hebrew manufacturers, and Hebrew merchants like Emil and Walter Rathenau, Ballin, Schwabach, James Simon, Friedlander-Fuld, Goldberger, Guttman, Hulschinsky, Katzenstein, etc.

"The old legend that the Kaiser was under the influence of the high nobility and of the Junkers, living east of the Elbe, was only a Jewish ruse to deceive the nation as to the real state of affairs, and to lower the Kaiser himself in the estimation of his people. It is quite true that the Kaiser, for the last decades, has gone mainly to the Jews for advice, who have flattered his weaknesses, and have contributed much to the follies, which led finally to the World War, and to the

collapse of Germany.—The German nobility were as good as banished from the Berlin Court. . .

"As a matter of fact, Rathenau created by means of his 'War Companies,' which exceeded 300, an absurdly complicated apparatus, which disordered and made more difficult the entire economic life throughout the country, and transferred, by a kind of jugglery, all the power and the advantages into the hands of the Jews. I do not hesitate to maintain, and can furnish convincing proof moreover, that Rathenau's 'War Companies' contributed, in a large measure, to the defeat of Germany. . ."

At the end of the war when the Kaiser fled to Holland and Prince Max of Baden became Chancellor, Herr Max Warburg helped to draw up the manifesto issued by the new Chancellor, as Prince Max records in his memoirs. At the Peace Conference at Versailles in 1919 of the six German delegates two were Jews, Herr Landsberg, Minister of Justice, and Dr. Carl Melchior, partner in Warburg's bank, Hamburg, the only non political delegate. A swarm of Jews accompanied the delegation as experts and advisers.

The German revolution at the end of the war is described by Fritsch as principally the work of Jews. This is confirmed from numerous other sources, and in Mr. Irvin Potter's pamphlet previously quoted will be found lists of Jews in key positions in the post-war German Republican Governments. Similar lists will be found in numerous other works.

Herr Walther Rathenau after the war became Foreign Minister of Germany. He was the president of the A.E.G. (Allgemeine Elektrizitäts Gesellschaft) the great German electrical combine, of which Herr Felix Deutsch was manager. The A.E.G. is closely associated with the Deutsche Bank of which the Jew Gwinner was head. Lord D'Abernon, first British Ambassador to Germany after the war, mentions in his memoirs, "An Ambassador of Peace," that Herr Deutsch was a near relative of the famous London Jewish solicitor Sir George Lewis (who was said to know more family secrets of the British aristocracy than any other man in Britain), and Herr Deutsch's wife is a sister of the late Mr. Otto Kahn, partner in Kuhn, Loeb and Company, of New York. According to Irvin Potter's pamphlet and Mrs. Webster's book, and other writers, the Vienna "Freie Presse" of December 24, 1912, reported Herr Rathenau as saying: "Only 300 men, each of whom knows all the others, govern the fate

of Europe. They select their successors from their entourage."

In 1907 Leonid Borisovitch Krassin, a Russian engineer, fled to Germany after taking part in a revolutionary plot and joined the firm Siemens Schuckert, a subsidiary of the A.E.G. In 1909 he was sent back to Russia as director of Siemens Schuckert in that country. His career will be found fully set out in Mrs. Webster's book, "The Surrender of an Empire." Krassin became a close friend of Lenin and was associated with the Jew Furstenberg (alias Ganetsky) who was an intermediary in financing the Bolshevik revolution. After the Bolshevik revolution Krassin continued to represent his firm and was at the same time placed in charge of five government departments in Russia. Whether Krassin was a Russian or a Jew is uncertain: he was married to a Jewess. In 1920 Krassin, accompanied by the Jew Kamenëff (originally Rosenfeld), appeared in London as head of a Bolshevik Trade Delegation. As a return for British hospitality this delegation was subsequently found to be urging "heavy civil war" in Britain and to be supplying the Labour "Daily Herald" with funds in return for praising Bolshevism. More will be said of this episode in another chapter. As a result of it Kamenëff was ordered to leave Britain and departed on September 13, 1920.

On March 16, 1921, the Lloyd George Government signed a Trade Agreement with Russia. This was done just a week or two after the London "Times" had described the revolutionary propaganda being put into circulation in Britain by the Soviet agents. Presently Krassin's Trade Delegation at Arcos House, Moorgate Street, and elsewhere was employing a staff of 300 persons. In April, 1921, a revolutionary general strike was called in Britain, the miners were out, but the transport workers refused to come out, and the general strike was called off. In September, 1921, the Government complained to Moscow of Soviet activities on the lines that had been described in the "Times" in February.

In August, 1921, a group of British business men evolved a scheme for resuscitating Russia with German aid. A large armament concern in Britain was stated at this time to have come to an agreement with the Deutsche Bank, Krupps, and Thyssen. Hugo Stinnes, the German Jewish financier (a friend of Krassin's), Felix Deutsch, manager of the A.E.G., closely allied with the Deutsche Bank, Simon, another German Jewish financier, and Rathenau presently

appeared in London. It was stated in the German papers that Stinnes had spent a week-end with Mr. Lloyd George at Chequers. This was denied in Downing Street. The "Morning Post" of December 16, 1921, stated that the conviction persisted in Germany that the visit of Stinnes and Rathenau "was for the purpose of arranging with the British Government a project for the combined exploitation of Russia by Great Britain and Germany." On March 7 Lenin had announced his New Economic Policy, saying Moscow was considering "the necessity for an agreement with the bourgeois Governments which would result in the granting of concessions to foreign capitalists in Russia." In his book "La Mystification des Peuples Allies" M. Andre Cheradame had pointed out that Bolshevism had expropriated the native capitalists of Russia and had been backed up by the Deutsche Bank which maintained relations with German-Jewish financiers naturalized as English or American in London and New York. He added: "Bolshevism leads necessarily to the exploitation of Russia for the profit of a syndicate of super-capitalists, of which the real leaders are Jews and Germans." The subsequent industrialization of Russia under the Five Year Plan was effected by international finance, which is predominantly Jew-controlled.

At Cannes in February, 1922, an Allied conference was held and Russian envoys appeared on the scene. Their presence was kept quiet, but rumours got afloat of a proposal for a big international loan for Russia and recognition of the Bolshevik Government by Britain and France. In April another conference was held at Genoa to consider Russia's debts to the Allies. At this conference it was suddenly announced to the surprise of the other delegates that Rathenau, German Foreign Minister, had agreed with Chicherin, Russian Foreign Minister, that Germany would recognise the Bolshevik Government. This was the first recognition of the Bolsheviks. On June 24, 1922, Rathenau was assassinated by a German monarchist organization. The foregoing is mainly a summary of matter set out at length in Mrs. Webster's "The Surrender of an Empire." It reveals the intimate interconnection between Bolshevism and high finance.

4. THE RUSSIAN SOLDIER'S EMPTY GUN

A leading Jewish figure in the British side in the events preceding the outbreak of war in 1914 was Sir Ernest Cassel (1851-1921). Sir Ernest Cassel was born at Cologne where his father was a small banker. He himself entered the Jewish bank of Bischofsheim and Goldschmidt, with headquarters at Brussels. It was the Jew Bamberger, manager of the Paris branch of this bank, on whom Bismarck relied for financial advice in imposing the indemnity on France at the close of the Franco-Prussian War of 1870 (vide Mrs. Fry's "Waters Flowing Eastward"). Bamberger was a friend of the Jew Cremieux, founder of the Alliance Universelle Israelite and prominent in French politics, and whose secretary, the Jew Leon Gambetta, became dictator of France after the abdication of Napoleon III. Baron Hirsch was also in early life connected with this firm. Ernest Cassel, then aged 22, in 1874 became London manager for Bischofsheim and Goldschmidt. That monumental British reference work, the "Dictionary of National Biography" (edited by the Jew Sir Sidney Lee) states that Cassel had in the seventies formed "an intimate friendship" with Jacob H. Schiff, head of Kuhn, Loeb and Company, New York, whose own father had been an agent of the Rothschilds. In the eighties Cassel set up independently of the Bischofsheim concern, and for a time joined with Schiff in forming a railway combine in the United States. Cassel became acquainted with King Edward VII at race meetings. "Contemporary gossip," says the D.N.B., "credited Cassel with loans or gifts of money to the King. There was no foundation for any such legends." It was simply financial advice that Cassel gave the King (or Prince of Wales as he was when the friendship began). "In 1897 he was instrumental in purchasing the Barrow Naval and Shipbuilding Construction Company for amalgamation with Vickers, Sons and Company, and, after the amalgamation of the Maxim Gun and Nordenfellt companies, in acquiring them also for Vickers. For some years thereafter he underwrote the financial issues for the Vickers Company and its subsidiaries." Sir Ernest Cassel also financed the great Nile dams, and was active in innumerable other directions. After the war came (says the D.N.B.) "an agitation was set on foot by extremists who were blind to his unsullied British patriotism to have his name removed from the Privy Council,

but they were deservedly frustrated." The long and intimate friendship between King Edward VII as Prince of Wales and Sir Ernest Cassel had most important social results for Jews generally.

The Maxim-Nordenfelt armaments combine, which as stated above was linked up with Vickers in 1897, had been effected by another Jew, well-known to-day as the mysterious Sir Basil Zaharoff, who thereafter came to play an important part in the international armaments industry and was a dominating force in Vickers during the war. Sir Basil Zaharoff is stated to come of a family of Odessa Jews. According to Guiles Davenport's "Zaharoff, High Priest of War," he was born in 1849 and his parents were named Zacharias. After a chequered early life he became the agent in Greece for the Nordenfeldt Company during the seventies, and later brought about an amalgamation with Hiram Maxim, the American inventor of the Maxim machine gun.

Reference to the part played by Vickers-Maxim in the events leading to the downfall of Russia is made in Mr. Lloyd George's "War Memoirs" (Vol. III, 1934). Mr. Lloyd George states: "Professor (now Sir) Bernard Pares, a distinguished scholar who knew Russia and Russian thoroughly, . . . visited Russia in 1915 as official correspondent with the Russian Army, and on his return presented a very remarkable report." In the course of this report, as quoted by Mr. Lloyd George, Professor Pares said:

" . . . I have to submit my strong opinion that the unfortunate failure of Messrs. Vickers Maxim and Co. to supply Russia with munitions, which were to have reached that country five months ago, is gravely jeopardising the relations of the two countries, and in particular their co-operation in the work of the present war.

"The Russians have so far put in the line 7,000,000 men. Their losses when I left Petrograd (11th July) had reached the enormous figure of 3,800,000 . . . The Russian authorities and the public opinion of the country have always looked to the Western Allies, and particularly to England, for the supply to a common cause of munitions in general, and more particularly of those which Russia is not itself able to manufacture.

"I am definitely told that so far no supplies of munitions whatever have reached Russia from England. . . We (Colonel

Knox and myself) represented that the arrangement made by the Russian Government with Messrs. Vickers Maxim and Co. was not made through the British Government. But we could in no way remove the grave impression caused by the failure of the British firm to supply the ammunition which it had promised under different dates from December last, a failure which all Russians who are aware of it associate intimately with the crushing losses in recent fighting, and the obvious necessity of almost indefinite retreat until this crying deficiency has been made good. . .

"The present military crisis in Russia has led, among other things, to the sending under fire even of large units entirely unequipped with rifles, and the restrictions in certain cases of the amount of ammunition discharged to two shells per day, or in the case of infantry ten rounds per man. This has inevitably raised the widest feelings of vexation among the troops and—through the return of vast numbers of wounded—all over the country. This strong and general feeling (especially in view of the defaults of Messrs. Vickers Maxim and Co.) cannot fail to be gravely prejudicial to the confidence so far placed by Russia in her Western Allies. **It has also led to threatening signs of resentment against the Russian authorities, which in my judgment, must lead, if continued, to grave internal complications. Momentous developments in the internal affairs of Russia seem in any case inevitable.**"

This report is stated to have been made "in the summer of 1915." Sir Bernard Pares makes further reference to this matter in his foreword to "The Murder of the Romanovs" (1935). He states that "enormous casualties, which may be calculated to have wiped out the original regular army three times over," and removal of restraints on discipline, caused a craving for peace everywhere. Lenin took advantage of this, and also told the peasants forthwith to seize all land not already in their hands. Sir Bernard continues:

"I was with the Russian army when it broke, and I remember the message which the Bolshevik agitators brought up from the rear: 'The War is over; peace is being agreed to in Stockholm (a reference to the Socialist conference there which was planned at that time); your allegiance to your officers has ceased; you may go home when you please; and you had better go quick because there is at once going to be a redistribution of the land.' This appeal, of which the

beginnings date from the very first day on which the Provisional Government seized power, wrecked the army straight off; in two months there were two million deserters."

The foregoing shows that in the opinion of a responsible observer on the spot at the time, the ground became ready for revolution in Russia following the failure of Vickers Maxim to fulfil their contract to supply munitions. At the same time it is necessary to bear in mind that this short supply of munitions by British armament works was not confined to Russia, but that the British forces in the field were severely handicapped in this respect in the earlier part of the war, though not, of course, to anything like the same appalling extent as the Russian army. The network of Jewish international financial control in the armaments industry was, to say the least, without conspicuous benefit when war broke out. Armaments inquiries such as have lately taken place in Britain and the United States are unlikely to achieve anything until the Jewish aspect is faced. According to a "World Service" bulletin (1/5/34) the French Schneider-Creusot and the British Vickers-Armstrong are the two largest armament concerns in Europe to-day, with enormous international ramifications since the war. Schneider-Creusot is stated to have swallowed the well-known Skoda works of Austria and to control 320 concerns in France and 182 subsidiary companies abroad. It is asserted that French loans have been made to many countries binding themselves to buy armaments exclusively from Schneider-Creusot. At the same time the combination is stated to own a large number of newspapers and directly or indirectly influences many more both in France and abroad. Behind the whole structure Jewish international finance sits enthroned. The "Fascist" of February, 1936, cites from Mr. Sidney Dark's book, "The Jew To-day" (1933), the statement: "It is almost certain that the Schneider family is of Jewish-Alsatian extraction."

5. BRITAIN UNDER THE INFLUENCE

Jewish influences in British politics became pronounced after the rise of Mr. Lloyd George. In the days when he followed his profession Mr. Lloyd George had been solicitor to the Zionist Association (vide "Patriot," 21/9/33), which position would naturally bring him into close contact with the

powerful Jewish interests behind that movement. In 1912, as we have seen, he appeared in close association with the late Lord Reading (then Sir Rufus Isaacs) in the Marconi affair. At the time of the Marconi transactions in April, 1912, Sir Rufus Isaacs was Attorney-General in the Asquith Ministry. In June of that year, immediately following the immensely profitable, but short-lived Marconi boom, the unprecedented step was taken of making the Attorney-General a member of the Cabinet. In October, 1913, Sir Rufus Isaacs was made Lord Chief Justice of England, and on the outbreak of war in 1914 he made the arrangements to save the international moneylenders in London who had been discounting German bills as related in a previous chapter. In 1917 he went to America and arranged the American debt on a basis resulting in undertakings to pay on demand in gold over four times as much gold as Britain had ever possessed.

Sir Herbert Samuel was Postmaster-General and then Home Secretary in the war years, in the latter post having control of aliens. Sir Alfred Mond (afterwards Lord Melchett) was First Commissioner for Works in the Lloyd George War Ministry, and as head of the Mond chemical works (afterwards converted into Imperial Chemical Industries) dominated the chemical resources of the British Empire. Mr. Edwin Samuel Montagu, cousin of Sir Herbert Samuel, was appointed Secretary of State for India by Mr. Lloyd George, and, as will be related in a later chapter, in 1917 set out to awaken the masses of India from their "placid, pathetic contentment" by launching them into democratic politics. In 1922 Mr. Lloyd George sent Lord Reading to India as Viceroy to continue this work. Jews were to be noted also in many minor positions and in important advisory capacities. In his book "The Jews" (Constable, 1922) Mr. Hilaire Belloc said: "The Great War brought thousands upon thousands of educated men (who took up public duties as temporary officials) up against the staggering secret they had never suspected—the complete control exercised over things absolutely necessary to the nation's survival by half a dozen Jews. . . ." The "Spectator" was constrained to write in a leading article in its issue of June 20, 1920: "We are convinced that at the present moment the professors of the Jewish faith are far too numerous in our Government. . . . We have got a great many more Jews than we deserve, and the wrong kind of Jew at that."

French views of the state of things in Britain at the close of the war, are cited in Irvin Potter's pamphlet previously quoted. The following is given as from "*La Mystification des Peuples Allies*" by Andre Cheradame and "*Le Probleme Juif*" by M. G. Batault. M. Cheradame's book is commended by Mrs. Webster who is extremely careful in her citation of facts:

"For some years a group of financiers whose families, for the most part, are of German-Jewish origin, has assumed control of political power and exerts a predominant influence over Mr. Lloyd George. The Monds, Sassoons, Rufus Isaacs, those known as the representatives of the international banking interests, dominate Old England, own its newspapers, and control its elections. . .

"The close solidarity existing between Mr. Lloyd George and Jewish high finance is easily shown by the brief biographical sketches of some of the influential personages by whom he is surrounded. . . Each of these names represents not only an individual, but also a veritable tribe and head of immense financial interests.

"Sir Philip Albert Gustav David Sassoon, secretary to Mr. Lloyd George and his constant companion, whose famous estate of Lympne is so frequently used as a meeting-place by the Supreme Council, is the son of Edward Sassoon, one of the richest financiers in the world. On his mother's side he is a grandson of Baron Gustave de Rothschild (the Sassoons are Asiatic Jews coming originally from Bagdad). Sir Philip Sassoon and his cousin, D. R. Sassoon, are at the head of the banking house of David Sassoon and Co. He is likewise closely related to Sir Jacob Elias Sassoon, head of E. D. Sassoon and Co., one of the most powerful commercial and financial establishments in India and the Far East, and is a near relative of a score of other Sassoons in England and India. The House of Sassoon, with all its affiliations and ramifications, is considered from a financial standpoint as holding the same position in Asia as that held by the House of Rothschild in Europe. Sir Philip Sassoon, Mr. Lloyd George's secretary, being a Sassoon on his father's side and a Rothschild on his mother's, is without question one of the most important financial personages in the world.

"Lord Reading . . . is now Viceroy of India. Toward the close of the war he was sent as High Commissioner and Ambassador Extraordinary from Great Britain to the United

States. As such he possessed tremendous influence with President Wilson and his intimate associates, among whom were a great number of Jews. He played a prominent part in the drawing up of the peace terms and in the creation of the League of Nations. . . He belongs to the world of Jewish high finance, in which his two brothers play very important parts. One of them, Godfrey Charles Isaacs, is general manager of all the Marconi Companies, and could justly lay claim to the title of the Wireless King. The other, Harry M. Isaacs, manages and controls the British Cellulose and Chemical Manufacturing Co., the largest manufacturers of chemical products in England.

"The Samuels constitute a vast tribe, exceedingly numerous, influential and complex. Besides two of Mr. Lloyd George's intimate associates—Edwin Samuel Montagu, member of the Privy Council and Secretary of State for India, and Sir Herbert Samuel, Viceroy [High Commissioner] of Palestine, there is a host of other Samuels belonging to the world of Jewish high finance. For instance, there is Sir Harry Samuel, who controls the Shell Transport and Trading Co., and the Anglo-Saxon Petroleum, as well as the Royal Dutch Co., the Mexican Eagle Co., and Balaafsche Petroleum Maatchaaoij.

"Last comes Sir Alfred Mond, member of the Privy Council, Minister in the present British Cabinet and head of the Economic Council of the Zionist movement. This man, son of a naturalized German, is one of the nickel kings, the supreme master of international commerce in chemical products, and proprietor of the "Westminster Gazette" . . . Associated with Sir Alfred Mond in all his enterprises is his brother, Robert Ludwig Mond. Sir Alfred's daughter married the son of Lord Reading (Rufus Isaacs), Viceroy of India.

"This group, of which Mr. Lloyd George is the very eloquent mouthpiece, is by no means the British people, but Jewish international finance, whose headquarters are the London Stock Exchange. If it is beyond all question that Jews of German origin occupy most of the influential positions in England; it is equally true that they do not present real British public opinion, in spite of the fact that they are often able to make it appear so, by means of the newspapers they control."

Sir Philip Sassoon mentioned above, during part of the war was private secretary to Sir Douglas Haig when British

Commander-in Chief in France. In the "Fascist" of November, 1935, appears the following: "Mr. Duff Cooper in his new book 'Haig' gives us some interesting information on some of the contacts of that officer. Lord Esher was his 'old friend'; Lord Esher was the grandson of Louis Mayer of Marseilles and was married to a Van de Weyer; and we know that one (if not both) of these relationships was Jewish. It was Lord Esher's influence (for he 'exercised more influence behind the scenes than anyone') which is indicated as having been thrown into the scales in favour of Haig's appointment as Commander-in-Chief; but 'the first definite information of his promotion came, curiously enough, from his old friend Mr. Leopold de Rothschild, who wrote "that all had been satisfactorily arranged." ' After his appointment (and probably before), Haig was in the habit of writing to Rothschild, and some of these letters described meetings of French soldiers and politicians which Haig had attended.

"From December 1915 to 1918, Haig's Private Secretary was Sir Philip Sassoon. Seeing that Lloyd George used Lord Reading as interpreter in private talks with Foch (as in September, 1916), it is plain that there were no secrets concerning the high command of the allied armies which were not revealed at the earliest moment to the Jew. Well, it was the same in Marlborough's wars and will always be the same until the whole beastly business is understood by the determined few who will save Britain and Europe from another dose of it."

In passing it may be noted that Mr. Duff Cooper, author of the book quoted in the preceding paragraphs, whose Pacifist leanings as Financial Secretary to the War Office, were the subject of comment in the "Patriot" in 1933 and 1934, is mentioned in the "Fascist" of May, 1934, as having had Mr. Otto Kahn stand as godfather for his son.

Another personage in the mid-centre of the mechanism of British statesmanship during the war and after has also been stated to be a Jew. The following is from the "Fascist" of May, 1935:

" 'The Hidden Hand' (August 1922 and September 1923 respectively) gives the following references which describe Sir Maurice Hankey as a Jew:

" 'Jewish Guardian,' 30th June, 1922: 'We did not know it, but it seems that Sir Maurice Hankey is one of the chosen,'

“ ‘Sunday Express,’ 26th June, 1922: ‘Certainly the Jews have reason to be proud of Sir Maurice, as he no doubt is of being a Jew. The more so since he is perhaps the only military member of the race who has ever had the distinction of a great war bonus conferred on him.’

“Sir Maurice Pascal Alers Hankey’s participation in Cabinets and Conferences becomes decidedly significant in view of this revelation as to his racial origin. He has been Assistant-Secretary, Committee of Imperial Defence, 1908; Secretary of same, 1912; Secretary, War Cabinet, 1916; Secretary, Imperial War Cabinet, 1917; Secretary-General of three Imperial Conferences; British Secretary, Peace Conference, 1919; Washington Conference, 1921; Genoa Conference, 1922; and London International Conference on Reparations, 1924.” The “Fascist” of February, 1936, states that Mr. R. M. A. Hankey, son of Sir Maurice Hankey, is assistant private secretary to Mr. Anthony Eden, British Foreign Secretary.

Mr. L. S. Amery, according to the “Fascist” of March, 1935, is a half-Jew. Mr. Amery was appointed Assistant Secretary to the War Cabinet in 1917, and was on the staff of the Supreme Council at Versailles in 1917-18. After the war he was for a time First Lord of the Admiralty and later Secretary for the Dominions.

The nature of the work performed by Sir Maurice Hankey is indicated in Lord Haldane’s autobiography. Speaking of the days when he was Lord Chancellor in the first Labour Government of 1924, Lord Haldane says: “Ramsay MacDonald managed his Cabinets very well. . . In this he was aided by the carefully-drawn-up Agenda which the Secretary of the Cabinet, Hankey, had prepared for him.” Of his own work at this time, Lord Haldane says: “I used to. . . spend an hour and a half in starting the day’s work as Chancellor with my Secretaries. Sir Claude Schuster, the Permanent Head [of a Jewish family from Frankfort-on-the-Main] was very quick and highly experienced. . . . I then walked over to Whitehall Gardens, where the Staff of the Committee of Imperial Defence were at work. There, after settling the operations for the day with the Secretary, Sir Maurice Hankey, who was also Secretary to the Cabinet, I would often preside over a small meeting of the Chiefs of Staff of the three Services.” The extent to which government was conducted by the Official and by the Minister would seem to be an open question.

An enormous mass of material would require to be assembled to reveal the full extent of Jewish penetration of the political and economic life of Britain. Enough has been set out for the moment to indicate extensive Jewish influences during the war and the early post-war years.

6. AT 'THE TIGER'S' ELBOW

In France one notes that the French War Premier, the late M. Georges Clemenceau, had a Jewish secretary in the person of Mr. Mandel, who in 1934 was Minister of Posts in the Flandin Government. According to matter cited in the "Fascist" of January, 1935, M. Mandel's position during the war was similar to that of Sir Philip Sassoon in England and Mr. Bernard M. Baruch (of whom more anon) in the United States. Alfred Rosenberg, the German anti-Semitic writer, was quoted as saying that M. Mandel's second name is Rothschild. Rothschild influence has long been pronounced in France, facetious persons asserting that the letters "R.F." (Republique Francaise) really stand for "Rothschild Freres." According to an article in the "Revue Internationale des Societes Secretes" of September 21, 1930, the great French accumulation of gold about that date was due to a feud between the Rothschild group of international financiers and the newer and more aggressive Bleichroder-Mendelssohn group with which were associated the four big Jew-controlled "D" banks of Germany (Deutsche Bank, Dresdner Bank, Darmstadt Bank, and Disconto Gesellschaft Bank) and also J. Henry Schroeder and Co. in London and Kuhn, Loeb and Co. in New York. The French Press is almost wholly Jew-controlled, as has been set out in detail in various bulletins of the Erfurt "World Service." In French politics Grand Orient Masonry, with strong Jewish affiliations, has long been predominant as will be described in a later chapter. The second Jewish family in France after the Rothschilds is stated by the "World Service" (1/12/34) to be that of Dreyfus, controlling the corn trade and with immense financial and commercial ramifications throughout the world.

7. AMERICA'S WAR DICTATOR

Turning now to the United States, there is evidence that Jewish influences played a highly important, if not

decisive, part during the war. The great pre-war achievement of President Wilson's first Administration was the establishment of the Federal Reserve system as a measure to curb the Money Trust. In reality, the legislation passed handed over the United States into the grip of international finance, as was set out in some detail in the author's previous book "The Truth about the Slump." This legislation was inspired to a large extent by Mr. Paul Warburg and Mr. Jacob H. Schiff, partners in Kuhn, Loeb and Co. The powerful part played by the partners in Kuhn, Loeb and Co. is revealed in "The Letters and Friendships of Sir Cecil Spring-Rice" (Constable 1929), and, as recorded in an earlier chapter, Sir Cecil Spring-Rice said that negotiation with Mr. Paul Warburg and Mr. Schiff was "exactly like negotiating with Germany." He added that the Jewish bankers were supreme and had captured the Treasury Department, saying: "The Government itself is rather uneasy, and the President quoted to me the text, 'He that keepeth Israel shall neither slumber nor sleep'."

A most active person in securing the nomination of Woodrow Wilson for the Presidency, and an unofficial adviser and ambassador for him throughout the war, was Colonel E. M. House, of Texas. President Wilson referred to Colonel House as "my other self." Later he became estranged from him. In Mr. Ford's "Dearborn Independent" of November 27, 1920, (vide "The Jewish Question" reprint) it was stated: "The College of the City of New York. . . . is one of the favourite educational institutions with the Jews, its president being Dr. S. E. Mezes, a brother-in-law of Colonel E. M. House. . ." It was at this college that Mr. B. M. Baruch was educated. In a speech in Congress on June 10, 1932, Mr. Louis T. McFadden, for many years chairman of the United States House of Representatives Banking and Currency Committee, referred to Colonel House as writing in 1913 to "his hidden master in Wall Street," Mr. Schiff. Mr. McFadden further said: "It has been said that President Wilson was deceived by the attention of these bankers and by the philanthropic poses they assumed. It has been said that when he discovered the manner in which he had been misled by Colonel House, he turned against that busybody, that 'holy monk' of the financial empire, and showed him the door. He had the grace to do that, and in my opinion he deserves great credit for it. President Wilson died a victim of deception. . . He said that he knew very little about banking.

It was, therefore, on the advice of others that the iniquitous Federal Reserve Act, the death warrant of American liberty, became law in his administration."

In the same speech Mr. McFadden set out his view of the promoters of the Federal Reserve Board and its 12 regional Federal Reserve Banks in the following words: "Those 12 private credit monopolies were deceitfully and disloyally foisted upon this country by bankers who came here from Europe and who repaid us for our hospitality by undermining our American institutions. Those bankers took money out of this country to finance Japan in a war against Russia. They created a reign of terror in Russia with our money in order to help that war along. They instigated the separate peace between Germany and Russia and thus drove a wedge between the Allies in the World War. They financed Trotsky's passage from New York to Russia so that he might assist in the destruction of the Russian Empire. They fomented and instigated the Russian revolution and they placed a large fund of American dollars at Trotsky's disposal in one of their branch banks in Sweden so that through him Russian homes might be thoroughly broken up and Russian children flung far and wide from their natural protectors. They have since begun the breaking up of American homes and the dispersal of American children."

Mr. McFadden is not now a member of Congress. He made many other outspoken denunciations of Jewish international finance, and incurred great hostility. In the New York Yiddish daily paper "Der Tog" of August 2, 1934, it was stated (vide "Patriot," 4/10/34): "The decision of the National Committee of the Republican Party that Congressman L. T. McFadden, the doleful, famous anti-Semite, shall next Tuesday start the Republican campaign for the elections of Congressmen next autumn with a speech over the radio is a slap in the face to all the Jews of America. . . Nobody in a responsible position has yet dared in America to talk about Jews in such vile language as he did. . . What does the Republican Party think? Does she really believe that in America such a provocation to Jewry could pass without punishment?" In the "Defender" (Wichita, Kansas) of September, 1934, the following appeared: " 'The Presbyterian' magazine says: 'A purely sectarian opposition is reported in New York against Congressman Louis T. McFadden. The 'Council of American Jewish Congress' is planning a state-

wide campaign against Mr. McFadden in Pennsylvania. This hardly looks like a wise move from a group which has shed so many tears on the shoulders of Americans over discrimination against the Jew. Mr. McFadden has been active in his witness against **subversive forces** which are at work in our Nation.' " Mr. McFadden was defeated at the Congressional elections. Mr. McFadden is a banker and an ex-president of the Pennsylvania Bankers' Association. He was in Congress from 1915 to 1934, and for over seventeen years was a member of the House Banking and Currency Committee and for twelve years its chairman. In a bulletin, "Industrial Control Reports issued by the James True Associates," Washington (No. 129, 21/12/35), it was stated: "About twenty members of Congress are well advised as to the Semitic international control of the administration. Several have said that they will expose the ghastly scheme next session; but it is too much to hope for. Since Representative Louis T. McFadden was defeated last year by a flood of Jewish money in his district, all Congressmen are extremely reticent. However, one member with sufficient guts and honesty may light the fuse that will result in an explosion."

A most important person in the United States during the war was Mr. Bernard M. Baruch. An article describing his activities appeared in the "Dearborn Independent" of November 27, 1920, and is reprinted in "The Jewish Question" (Editions R.I.S.S., Paris: The Britons, London, 1931). In this article it was stated that fully 73 per cent. of the "war millionaires" in New York were Jews: that a Jew was then President of the League of Nations; a Jew President of the Council of the League of Nations; a Jew President of France; a Jew president of the committee to investigate the responsibility for the war, and one incident of his service was the disappearance of vital documents. The article then proceeded:

"In France, Germany and England, the financial power of the Jews, as well as the filtration of their dangerous ideas of social disorder, have greatly increased. . . . In our own country we have just had a four-year term of Jewish rule, almost as absolute as that which exists in Russia. This appears to be a very strong statement, but it is somewhat milder than the facts warrant. And the facts themselves are not of hearsay origin, nor the product of a biassed point of

view; they are the fruits of an inquiry by the lawful officials of the United States who were set aside in favour of a ready-made Jewish Government, and they are forever spread upon the records of the United States.

"The Jews have proved for all time that the control of Wall Street is not necessary to the control of the American people, and the person by whom they have proved this was a Wall Street Jew. This man has been called 'the pro-consul of Judah in America.' . . . To a select committee of the Congress of the United States he said:

" 'I probably had more power than perhaps any other man did in the war; doubtless that is true.'

"And in saying so he did not overstate the case. He **did** have more power. It was not all legal power, this much he admitted. It reached into every home and store and factory and bank and railway and mine. It touched the recruiting boards. It made and unmade men without a word. It was power without responsibility and without limit. It was such a power as compelled the Gentile population to lay bare every secret before this man and his Jewish associates, giving them a knowledge and an advantage that gold could not buy."

The man who had thus glided from obscurity into rulership of the nation at war was Bernard M. Baruch, of late the unofficial adviser of President Franklin D. Roosevelt and reputed inspirer of his "New Deal" policies. The "Dearborn Independent" went on to explain that Mr. Baruch, then fifty years of age, was the son of a South Carolina doctor. He began, according to his own account, as a clerk in Wall Street, and when he was 26 or 27 became a partner in A.A. Housman and Co. About 1900 or 1902 he left the firm and set up in business as a financier, having previously gained a seat on the New York Stock Exchange. He specialized in organizing various concerns producing or dealing in tobacco, copper, tungsten, rubber, steel, and he obtained large interests in the concerns he organized, which interests he sometimes sold and sometimes held. "As a young man," says the "Dearborn Independent," "he is found to be master of large sums of money, and there is no indication that he inherited it." Mr. Baruch continued these activities up to the beginning of the war.

Mr. Baruch told the Congressional committee that he had become acquainted with Woodrow Wilson before the war. He said that in 1915, two years before America declared war, he

thought that the United States would be drawn in. He felt there "ought to be some mobilization of industries." He saw the President about it. Some months later Mr. Baker, President Wilson's Secretary for War, showed him the Government plan for a Council of National Defence. "I said I would like to have something different," Mr. Baruch told the Committee. However, the Council of Defence was "the best that could be gotten at that time." When it came into being it consisted of six Cabinet Ministers. Beneath it was an advisory commission of seven members, three of whom were Jews. Beneath the advisory commission were hundreds of men and scores of committees. Among them was the War Industries Board, of which Mr. Daniel Willard was chairman. "Now," says the Ford journal, "it was this War Industries Board which became the 'whole thing' later on, and it was Mr. Baruch who became the 'whole thing' in that board. The place where he was put became the corner stone; he became the chief pillar of the war administration. The records show it; he himself admits it."

In the course of Mr. Baruch's examination the following passage occurred:

"Mr. Jefferis: In other words you determined what anybody could have?

"Mr. Baruch: Exactly; there is no question about that. I assumed that responsibility, sir, and the final determination rested within me.

"Mr. Jefferis: What?

"Mr. Baruch: That final determination, as the President said, rested within me; the determination of whether the Army or Navy would have it rested with me; the determination of whether the railroad administration could have it, or the Allies, or whether General Allenby should have locomotives, or whether they should be used in Russia, or used in France. . . .

"Mr. Jefferis: And all those different lines, really, ultimately, centred in you, so far as power was concerned?

"Mr. Baruch: Yes, sir, it did. I probably had more power than perhaps any other man did in the war; doubtless that is true."

If the foregoing statements correctly represent the position, it would appear that during the portion of the war in which the Allies were largely dependent upon supplies from

the United States, the Allied Commanders-in-Chief in the field, and the Allied Governments behind them, had to conform in their plans of campaign to what it suited Mr. Bernard M. Baruch, Jewish war dictator of the United States, to permit them to have in the way of war supplies. According to statements made in various quarters Mr. Baruch to-day has enormous control over the companies and corporations comprising the munitions industry of the United States.

* * * *

It will be remembered that during the war there were many complaints of defective ammunition being supplied from the United States and going into the colossal war bill presented to Britain. The following on this matter is from "From Chauffeur to Brigadier" (1930) by Brigadier-General C. D. Baker-Carr, C.M.G., D.S.O. (vide "Patriot" 29/11/34):

"Another case in which all the responsibility for taking serious action fell on my shoulders was that of the American ammunition for rifles and machine guns. Soon after this ammunition began to be issued to the fighting line, I commenced to receive a large number of complaints from the machine-gun officers. The carrying out of a few trials soon satisfied me that these complaints were justified. . . The American ammunition was supposed to be solid-drawn, but in truth it was not. As a result, some 50 per cent. of the cases split in half on being fired, at the point where the junction of the two pieces occurred, with disastrous results. . .

"At that time the supply of ammunition from England was still much short of our requirements, and the six or seven million rounds arriving weekly from the United States, were certainly welcome. If, however, the cases were defective and liable to cause jams, they ceased to be a benefit and became a positive source of danger. . . I recommended that the American ammunition should be withdrawn. My advice was accepted and the ammunition was marked 'For practice purposes only.'

"Millions upon millions of rounds of small arms ammunition sent from America were absolutely useless, as proved to be the case later with a large proportion of the shells. I never heard, however, that the money paid for these munitions was ever refunded. . . "

In a letter in the "Patriot" of November 22, 1934, Lieut.-

Col. A. H. Lane, author of "The Alien Menace," pointed out that after the war an inquiry was demanded into the question of "dud" ammunition, on which feeling ran very high. He added:

"At last in order to try and stop the many ugly stories and rumours which were circulated an 'Investigation Committee' was appointed. . . Sir Arthur Michael Samuel [a Jew] was appointed Chairman, but the first preliminary evidence was so damning that in a few weeks this 'Investigation Committee' and everything in connection with it, was shut down and no report issued except 'that it was not in the public interests,' etc., that a report should be made.

"Had this Committee carried out its duties, and had a full and true report been made, very serious scandals would have been exposed. What was the power which caused the closing of this inquiry before it had scarcely begun, and which kept this out of the newspapers so that the public should hear nothing and soon forget all about this very grave and important matter?

"No proper accounts had been kept. Very large sums could not be traced, especially in the munition accounts dealing with the United States of America. But by far the worst part of this conspiracy was shown up by the reports of our Armies in the field regarding the large quantities of faulty shells which killed thousands of our own men—these shells often bursting over our own trenches. Most of this dangerous ammunition came from the U.S.A. Enormous quantities of shells from the U.S.A. had to be scrapped. . . .

"Had the British people been told this there would have been a great public uproar throughout the British Isles and Empire which would have resulted in our debt to the U.S.A. being approached in a very different manner at Washington, January, 1923."

In later chapters reference will be made to the war-time activities of Mr. Justice Brandeis, first Jewish judge of the United States Supreme Court—"A Jew, Justice Lubitz Brandeis, ruled the White House by secret telephone," said the "Chicago Daily Tribune of July 22, 1922 (vide Potter). "At one time President Wilson communicated to the country through no one but a Jew, D. H. Lawrence."—"Dearborn Independent" (vide Potter). President Wilson's famous Fourteen Points for peace terms with Germany were drafted by the Jewish journalist Walter Lippman (vide "Fascist";

July, 1932). Later we shall examine the Jewish origin of the League of Nations Covenant, and the enormous Jewish influences at work at the Peace Conference at Versailles in 1919.

8. A CAR-MAKER AND A COUNT AGREE

Until he complied in 1927 with the demand of Mr. Louis Marshall, then president of the American Jewish Committee, and retracted, apologized and begged forgiveness, Mr. Henry Ford had freely expressed decided views as to the origins of the war. In 1915 Mr. Ford and a considerable party departed from the United States on a mission to Europe in a vessel named the *Oscar II*, but more widely known as the *Peace Ship*, the party aboard being bent upon bringing peace to a troubled world. The results of this voyage upon Mr. Ford's point of view were related by him in a long interview published in the New York "World" of February 17, 1922 (vide Britons leaflet). Here are some passages:

"Interviewer: How long have you had the idea that there was anything about the so-called international Jewish system which should be placed before the American public?

"Mr. Ford: I have been thinking about this matter for many years, but not until about five years ago, on the *Peace Ship*, did the full importance of the subject come into view. That voyage gave me an insight into the responsibility for the war and who profited by it.

"You know that back in 1915 I said I was going to devote my life and fortune to bring about an end to war. That was not just talk, I meant it then, and I mean it more than ever now. In studying the possibilities of paramount World Peace from every angle, I studied the causes of war, and I am convinced that nearly all wars were caused so that someone would profit, and those who have profited and who are profiting now are the international financiers, the Jews, with possibly a few Gentiles with Jewish connections. They are what is called the 'International Jew'—German Jews, French Jews, English Jews, and American Jews.

"Interviewer: How do you think the International Jew started the World War?

"Mr. Ford: By arousing National passions, that is, by propaganda which set one people against another people.

These dangerous groups profit: Before a war—by making munitions of war; during a war—by national loans; and after a war—as they are doing now in the free-for-all grab which goes on. All nations that fight have to use materials that are controlled by Jews—copper, for instance.”

In a later interview, reprinted in the “Jewish World” of January 5, 1922, Mr. Ford was quoted as saying:

“It was the Jews themselves who convinced me of the direct relations between the International Jew and the war; in fact, they went out of their way to convince me.

“You remember the effort we made to attract the attention of the world to the purpose of ending the war through the medium of the so-called Peace Ship in 1915. On that ship were two very prominent Jews. We had not been to sea 200 miles before these Jews began telling me about the power of the Jewish race, how they controlled the world through their control of gold, and that the Jew and no one but the Jew could stop the war.

“I was reluctant to believe this, and said so. So they went into details to tell me the means by which the Jews controlled the war—how they had the money, how they had cornered all the basic materials needed to fight the war, and all that, and they talked so long and so well that they convinced me. They said, and they believed, that the Jews had started the war, that they would continue it so long as they wished, and that until the Jews stopped the war it would not be stopped.”

A very similar view to that of Mr. Ford was taken by another observer extremely well placed to note the operation of those forces which sway the destinies of nations. This was Count Albert Mensdorff, who for ten years up to the outbreak of war in 1914 was Austro-Hungarian Ambassador in London. In his book “After the War” (Constable, 1922), Lieut.-Colonel Repington records a conversation with Count Albert Mensdorff in Austria in 1921. He says: “M. (Mensdorff) thought that Israel had won the war. They had made it, thrived on it, and profited by it. It was their supreme revenge on Christianity.” In reality, the holocaust of 1914-

1918 was but an incident in an onward march toward horizons sombre and forbidding.

In a work eulogistic of Jewish commercial ability, and bearing Jewish commendation—"The Jews and Modern Capitalism," written by Professor Werner Sombart of Breslau University shortly before the war—we find the author, after surveying the pages of history, penning the pregnant words: "Wars are the Jews' harvests."

Chapter V

A NEW DEAL WITH AN OLD PACK

1. BOOMS AND SLUMPS TO ORDER

WHEN Mr. Franklin Delano Roosevelt was inaugurated as President of the United States in March, 1933, he declared that "the practices of the unscrupulous money-changers stand indicted in the court of public opinion, rejected by the hearts and minds of men." A wave of enthusiasm swept over the American people, who felt that at last a Man was come to take a firm hold of the national affairs and restore order out of chaos.

President Roosevelt took office at a time of acute financial crisis. On March 3 all the banks in the United States had closed their doors, and universal panic prevailed. The next day the new President was sworn in. To meet the emergency Mr. Roosevelt demanded and obtained from Congress unprecedented powers, practically establishing a dictatorship. He thereupon proceeded to rush through his New Deal legislation, important parts of which have since been declared unconstitutional by the United States Supreme Court. A highly critical attitude has since gradually developed in many quarters towards President Roosevelt's policies and the personnel by which he is surrounded.

The world depression commencing in 1929 began in the United States, and as recorded in Chapter I, it has been alleged by numbers of well-qualified observers that it was the result of policies deliberately pursued by the Federal Reserve Board. The Federal Reserve system was established in 1913 for the purpose, according to the movers of the legislation, of preventing financial crises and panics. To achieve this end a central financial reservoir was created with control over the volume of currency and credit and with

twelve regional Federal Reserve Banks under it regulating conditions in their respective districts. The banks were privately owned, but one or two Government members sat in on the Federal Reserve Board. The results predicted by the promoters of the legislation have not followed on it. About six months after the establishment of the system the European War broke out. At the end of the war a gigantic inflation occurred. This was speedily followed by an intense depression beginning in 1920. Gradually conditions improved, though the farming industry never fully recovered from the severe blow it received in the slump of 1920. However, stable monetary conditions ruled for some years, with great industrial activity. In 1928-29 a great stock exchange boom developed, and was speedily followed by a crash beginning at the end of October, 1929. When the slump began there were about 24,000 banks in the United States, most being small local concerns. Over ten thousand of these were crushed out of existence during the depression and their depositors ruined.

According to Mr. Robert H. Hemphill, manager of the Atlanta Federal Reserve Bank, in the foreword written by him to Professor Irving Fisher's "100% Money" (Adelphi Co. N.Y., 1935), the total national income of the United States—that is the total of all individual incomes—was 81 billion dollars in 1929 and dropped to 48 billion dollars in 1932. Professor Fisher points out in this book that the banks contracted their loans by well over one-third in the four years from 1929 to 1933. This contraction of the volume of money in circulation wrecked the economic life of the country for the time being, and homes and farms were lost wholesale by their unfortunate owners, and millions of people thrown into destitution. On March 3, 1933, the position had become so acute that all the banks in the United States remained shut.

Reserve banking as a means of preventing financial crises has thus been a most complete and total failure in the United States. This fact has in no way militated against a world campaign to establish reserve banks in all countries. It has been alleged that the financiers in command of the United States Federal Reserve do not want stable conditions, and that the unprecedented booms and slumps since its establishment have been deliberately caused. It is at least certain that those in control of the system have raised the strongest

objections to every one of the numerous attempts made in Congress to write an instruction into the law directing the Federal Reserve to use its tremendous powers to maintain the purchasing power of its money at a stable level. In 1932 a unanimous report in favour of such amendment in the law was brought down by the Banking and Currency Committee of the House of Representatives, and the legislation embodying it (the Goldsborough Bill) was passed by the House on May 2 of that year by 289 votes to 60, but was shelved in the Senate, President Hoover, according to the newspapers, being determined to veto it even if passed by Congress.

Among the fiercest and most trenchant critics of the Federal Reserve system have been Mr. Louis T. McFadden, for many years chairman of the Banking and Currency Committee of the House of Representatives, and to whom reference was made in the preceding chapter; and former Senator Robert L. Owen, for twelve years chairman of the Senate Banking and Currency Committee, and who actually piloted the Federal Reserve Bill through the Senate in 1913. Mr. McFadden, in speaking in Congress on January 13, 1932, said: "It was in 1924 or 1925, as chairman of the Committee on Banking and Currency, during hearings that I first discovered what our bankers were doing to this country, and I began an intensive study from that time on up to the present time." By June 10, 1932, he was referring in Congress to the Federal Reserve as "one of the most corrupt institutions the world has ever known," which had "impoverished and ruined the people of the United States; has bankrupted itself, and has practically bankrupted our Government." This it had done "through the defects of the law under which it operates, through the maladministration of that law by the Federal Reserve Board, and through the corrupt practices of the moneyed vultures who control it." Mr. McFadden was detailed and specific in his numerous charges of maladministration, declaring among other things, that money had been drained wholesale out of the United States for the purpose of financing Russia by means of loans through German financiers. He especially denounced the operations of Kuhn, Loeb and Company. On December 13, 1932, although himself a Republican (Conservative), he moved the impeachment of President Hoover (Republican) on twenty-six specific counts, his motion being defeated by 361 votes to 8.

In giving evidence before the House Banking and

Currency Committee on March 18, 1932, Mr. Owen said: "The panic of 1907 was caused by the deliberate contraction of currency and credit; the panics of 1920-1921 and 1929-1931 were due to the same identical cause. There can be no doubt about that; the record fully shows it; and those behind it went so far that they openly disclosed to the country the plan and purpose in a manner which forever put the plan upon the indelible public records. It can never be erased." Mr. Owen pointed out that there was a public document (Document 310, 67th Congress 4th session) recording the minutes of the secret Federal Reserve conference in May, 1920, ordering contraction of credit and resulting in the disastrous depression of that time. Mr. Owen pointed to the contraction of brokers' loans by Federal Reserve operations in the week ending October 30, 1929, as the originating point of the world slump. In that week \$2,300,000,000 of brokers' loans on account of out-of-town banks was withdrawn, and within three months double that sum was pulled out. The values of all stocks and bonds in consequence fell from a third to a hundredth of their former value, there was a cessation of consumption, stringent economy, a cessation of production, and 8,300,000 people thrown out of employment. "You have got to deal with and prevent those who know how to destabilize credit for profit," said Mr. Owen.

Mr. Owen, like Mr. McFadden, is a banker. In 1890 he established the first national bank in Oklahoma, was its president for ten years, and has been a director for 45 successive years. In 1907 he entered the United States Senate and served there for 18 years, and from 1913 to 1925 was chairman of the Banking and Currency Committee. In this capacity he had drafted the Federal Reserve Bill, but it was later expanded and contained provisions with which he was not content. He piloted the Bill through the Senate. In the Bill as originally framed was an instruction that the powers of the system were to be used to promote a stable price level, but, states Mr. Owen, "I was unable to keep this mandatory provision in the Bill because of the secret hostilities developed against it, the origin of which I did not at that time fully understand."

The above facts are taken from Mr. Owen's foreword to Miss Gertrude M. Coogan's "Money Creators" (Sound Money Press, Chicago, 1935). This book contains most definite statements as to the origin of the stock exchange

boom in New York in 1927-28 and the disastrous slump that immediately followed. Miss Coogan is a university trained economist who was employed for eight years as security analyst for the Northern Trust Company of Chicago. Mr. Owen in his foreword says of the book, "The writer is informed. The information is sound." With this imprimatur, the detailed allegations made by Miss Coogan as to the precise operations by which booms and slumps have been produced in the United States, with world-wide repercussions, become worthy of close study.

Miss Coogan states that after the secret Federal Reserve Conference of May 18, 1920, the Federal Reserve banks began raising the re-discount rates and selling Government bonds until the price of Liberty Bonds was forced down to 80. This decreased the reserves of the community banks, which had, in consequence, to call in their loans and to force all borrowers to pay. This, in turn, brought a terrific liquidation of agricultural products. Almost in the twinkling of an eye agricultural prices slumped to ruinously low levels. "Thus, the farmer was robbed of his purchasing power. This was premeditated: the farmer had to be ruined and kept ruined if America was to be financially subjected and eventually bolshevized. Rural banks could accept farmers' deposits, but could not loan farmers' money to farmers: such loans were 'unsound' by decree of the Federal Reserve dictators. Thus the sluices were prepared for draining rural money to the industrial centres, and thus via speculation into the hands of the internationalists . . . By mid-year 1921, all of the agricultural sections had been paralysed. Their undermining had been started and has been continued right down to the present time (1935)."

In July, 1921, the Federal Reserve Banks reversed the process. They began to buy Government bonds and lowered the discount rates. This increased the reserves of the city banks. The agricultural sections were not allowed to benefit as the price levels for agricultural products were kept low by manipulation, and the country banks were prevented from making agricultural loans. Miss Coogan points out that the price of wheat in the United States is determined by the price at which the portion of the crop shipped to Liverpool is sold. Only one-quarter of the United States wheat crop went to Liverpool in normal times, but it fixed the price for all the rest. This Liverpool price was forced down by

Russia selling at any price the wheat seized from the peasants by the Bolsheviks. "That," says Miss Coogan, "is one of the reasons why those who set out to destroy the economic structure of the world saw the great necessity of first controlling Russia. Russia's condition during the past seventeen years is a warning to the rest of the world—it will meet the same fate if the international money yoke is not cast off." The author describes at length how, under gold control and the system of international loans, the Liverpool price of wheat was made by the financiers to control the whole world price of this mainstay of human life.

In 1923 the United States began making foreign loans to an enormous extent, while artificially keeping her agricultural price levels below the cost of production by discriminatory credit policies. In August, 1927, the Federal Reserve Banks were ordered to lower their discount rates and buy additional Government bonds. In other words, steps were taken to increase the reserves of the city banks. City banks responded by increasing their loans. These loans went almost entirely to finance stock purchases.

"This," says Miss Coogan, "was the actual method of financing the terrific stock market speculation of 1928-29; it was not 'prosperity' as many supposed. The rural sections were being deliberately drained of their money by coercing country bankers into calling their local loans and purchasing very questionable domestic bonds and international loans. These orders came from the bank examiners acting under the authority of the United States Treasury which, of course, was dominated by the Federal Reserve policies. Honest country bankers protested that their communities needed whatever funds existed, but they were told to either comply with the examiners' orders or get out of the banking business. . . . the price of securities rose higher and higher. Stocks of corporations which had very little property and whose earnings were small, sold at from 20 to 50 times their earnings. Conditions grew more dangerous and spectacular each day. . . . The newspapers and well publicized paid economists repeated deliberate falsehoods telling the people that America was in a 'new era' . . . The newspapers did everything possible to fan the flames and 16,000,000 people in the United States were active participants in the purchase and sale of securities. Rumbblings began to sound in September 1929. The Hatry [Jew] failure in London precipitated heavy selling from

'informed' sources abroad. . . European sellers of securities were converting into cash and transferring their balances abroad. Gold began to flow to Europe.

"On October 24, 1929, at 11 o'clock sharp, hundreds of thousands of shares in hundreds of issues were offered for sale 'at the market.' It was a very strange thing that this could have been a mere accident. It was most unusual that thousands of people should decide to sell at the same instant. It was also strange that they all decided to sell 'at the market.' Inexperienced stock traders do not put in 'market' orders. That's a trick known only to the 'wise boys'—the internationalists and their cohorts, the type of government adviser speculator who says 'a speculator has to be right.' The market continued to crash day after day. The new era was over. . . .

"The adviser to Presidents was summoned. He had already been 'adviser' to Presidents Wilson, Harding, Coolidge and now President Hoover. . . This adviser relates that he has devoted great mental effort since 1921 to the 'solution' of the farm problem: his word must have influenced much of the farm 'relief' legislation for his advice was 'sought by Presidents.' Certainly his friends got the job plums. Are the farmers pleased with the results? The records show that since 1920 'the adviser' has exerted considerable influence upon legislation enacted 'to regulate' the commodity exchanges which until 1920 had functioned very efficiently for the farmer. . . In the 'adviser to Presidents' own writings we are told that he got out of the stock market before the crash in October 1929. It is strange that he did not share his feelings of uncertainty with President Hoover. . . Upon word from the 'adviser,' President Hoover would not have made the great error of calling an 'Economic Conference' in January of 1930, at which he urged business men to go ahead spending money for plant extensions. A few sincere business men followed the exhortation of the President and paid for their co-operation by losing their businesses. . . And yet, this same adviser continues on and on as adviser to Presidents. He is 'unofficial President' of this administration, we are told. We change Presidents but never advisers."

Miss Coogan does not name the 'adviser,' but the reference is very obviously to Mr. B. M. Baruch. Mr. Baruch was appointed Minister without portfolio by President Roosevelt. In the "Patriot" (12/10/33) matter appearing in

the London Yiddish daily "Ovend Neies" of July 7 of that year was quoted. Under the heading "Jewish Banker Unofficial President of America," Mr. Baruch was described as performing the duties of a President of the United States.

After describing how President Hoover's moratorium on German Reparations and war debts in 1931 enabled the international financiers to withdraw in July and August a billion and a half dollars of gold from America, which mostly went to France, Miss Coogan pointed out that gold was simultaneously sucked from Britain, which was then obliged to go off the gold standard. "Anyone," she says, "who can look behind the scenes knows that this was a part of the great scheme to destroy the financial and social fabric of all countries." Miss Coogan is no advocate of the gold standard. Her book is very well worth the attention of all persons interested in monetary matters, especially on the constructive side.

The slump continued its disastrous course in the United States with foreclosures, bankruptcies and bank failures, and chaos and unemployment everywhere. "In January 1932," we are told, "Congress was asked to create the Reconstruction Finance Corporation. Destruction had now reached the stage where even the banks in New York City had to seek some place to unload their frozen loans. Via the Reconstruction Finance Corporation the large city banks were able to remove the frozen loans from their own portfolios and put them on to the taxpayers of the United States. Meanwhile the closing of the smaller banks throughout the country continued ruthlessly." According to Mr. Owen, ten thousand privately-owned banks failed up to March 1933, and about 200,000 business men had been bankrupted. By June, 1932, the value of all securities listed on the New York Stock Exchange, representing the ownership of the magnificent industrial plants of the country, had fallen to 15 billion dollars, from a peak value of 89 billion dollars in September, 1929.

In speaking on the Reconstruction Finance Corporation Bill in Congress on January 13, 1932, Mr. McFadden pointed out that "J. P. Morgan and Co., Kuhn, Loeb and Co., and others of the international banking group," had sold \$100,000,000 worth of German commercialized reparation bonds to the people of the United States at 91½. The bonds had since been down to 22, and when he spoke were around 30 or 35. Tremendous profits had been made in the sale of

the bonds by the distributing houses. He estimated that altogether something like \$40,000,000,000 worth of foreign securities had been unloaded on to the American people by the international financiers, an amount just about equal to what the war had cost the country. Now these same financiers wanted a Reconstruction Finance Corporation set up, the capital to be \$500,000,000 of taxpayers' money, and the corporation to be empowered to sell \$1,500,000,000 of debentures and bonds, all to be guaranteed by the Government. Mr. McFadden said of the proposal: "It is a scheme for giving those financial looters a chance to dispose of evidence, which, if brought into the light of day, would cause the doors of our Federal penitentiaries to close upon them for a long term of years. . . With this last grand steal they propose to avail themselves of a supercorporation with a detective service deluxe, and by means of this supercorporation controlling all other corporations and spying on every individual in the country they propose to spread their losses over the entire population of the United States. . . Their scheme is to make the people of the United States furnish a price for their frozen assets, to have the Government put its signature on those assets, to tie them up in a different package, and to sell them again to the general public. . . The scheme is dangerous, unsound, dishonest." The financiers should bear their own losses like everybody else, Mr. McFadden affirmed. The Reconstruction Finance Corporation, however, was duly established by Congress.

2. WHAT MR. ROOSEVELT DID

The Republican Party, to which Mr. Hoover belonged, is popularly regarded in the United States as the big money party. The depression caused public opinion to swing over to the Democratic Party, and, as stated, Mr. Franklin Roosevelt was elected President in 1932 and installed in office in March, 1933, declaring his intention of "sweeping the money-changers from the temple." The day before the Presidential inauguration panic was spread throughout the nation by all the banks suspending and remaining with their doors shut. Speaking in Congress on May 4, 1933, Mr. McFadden declared that the bank holiday was a 'frame-up.' There had been no runs on the New York banks: there was no need of a bank holiday.

On March 5, President Roosevelt by proclamation took the United States off the gold standard, relieving the Federal Reserve of its obligation to pay out gold to United States citizens, but still permitting international financiers to withdraw gold and ship it abroad. At the same time the people were ordered, under heavy penalties, to hand into the banks all gold in their possession in return for bank paper. In condemning these proceedings as unconstitutional, Mr. McFadden said in his speech of May 4, 1933:

"Mr. Chairman, we know from assertions made here by the Honourable John N. Garner, the present Vice-President of the United States, that there is a condition in the Treasury of the United States which would cause American citizens, if they knew what it was, to lose all confidence in their Government. That is a condition which Roosevelt will not have investigated. He has brought with him from Wall Street, James Warburg, the son of Paul M. Warburg. Mr. Warburg is head of the Bank of Manhattan Co. Mr. Warburg, alien born and the son of an alien who did not become naturalized here until several years after this Warburg's birth, is a son of a former partner of Kuhn, Loeb and Co., a grandson of another partner, a nephew of a former partner, and a nephew of a present partner. He holds no office in our Government, but I am told that he is in daily attendance at the Treasury, and that he has private quarters there. In other words, Mr. Chairman, Kuhn, Loeb and Co. now control and occupy the United States Treasury."

The nation having been thrown into panic by these financial operations, the new President demanded and obtained extraordinary powers to deal with the situation. In an article in the Philadelphia "Saturday Evening Post" of September 8, 1934, ex-President Hoover declared that the Roosevelt policies represented nothing short of a systematic attack on the whole basis of human liberty. Mr. Hoover enumerated the powers which up to the time he wrote had been assumed by the President. The first step of economic regimentation had been a vast centralization of power in the Executive, including assumption of the following powers by the President:

To do what he pleases with the currency and to change its value and volume at will;

To levy sales taxes at such rates and such times as he chooses;

To spend enormous sums on public works, the nature of which need not be announced to Congress;

To create corporations to take over a wide variety of business activities hitherto conducted by private enterprise;

To manufacture commodities and instal services in competition with private citizens;

To buy and sell commodities, to fix minimum prices for industries or dealers; to fix handling charges, and therefore profits; to eliminate unfair trade practices;

To allot the amount of production to individual farms and factories and the character of the goods they shall produce; to destroy commodities; to fix stocks of commodities to be on hand;

To stop the expansion or development of industries, or specific plant and equipment;

To establish minimum wages; to fix maximum hours and conditions of labour;

To impose collective bargaining;

To organize administrative agencies outside the regular civil service;

To abrogate the anti-trust acts;

To raise or lower tariffs, and to discriminate between nations in so doing;

To abrogate certain governmental contracts without compensation or review by the courts; and

To enforce most of the above powers against the individual by fine and imprisonment, with a further reserved power in many trades, through a licensing system, to deprive men of their business and livelihood without any appeal to the courts.

Most of the above enormous powers could be delegated by the President to any appointee, and such appointee did not need to be selected under ordinary Civil Service requirements.

For the purpose of carrying out this gigantic programme of regimentation innumerable boards and corporations were created and vast staffs appointed. Curious facts began presently to appear about some of these corporations. For instance, Father Charles E. Coughlin, who has acquired fame as a radio speaker on public questions, directed attention to certain New Deal corporations in a radio address "Saving or Sovietising America?" delivered by him on February 10,

1935 (vide "A Series of Lectures on Social Justice," Radio League of the Little Flower, Royal Oak, Michigan, 1935).

The names of five new Government corporations having appeared in the Press, Father Coughlin stated that he had sent an investigator to the State Capitol of Delaware to inspect their charters. They were: (1) The Commodity Credit Corporation, established by Executive Order 6340, the incorporators being Mr. Wallace, Secretary of Agriculture, Mr. Henry Morgenthau, Jun., Secretary of the Treasury, and Mr. Oscar Johnson, a third Government official: (2) The Public Works Emergency Housing Corporation, chartered by Mr. Harold L. Ickes, Secretary of the Interior, Miss Frances Perkins, Secretary of Labour, and Mr. Robert D. Kohn; (3) The Federal Surplus Relief Corporation, chartered by Mr. Wallace, Mr. Ickes, and Mr. Harry L. Hopkins: (4) The Federal Subsistence Homesteads Corporation, chartered by Messrs. Ickes, Oscar L. Chapman and M. L. Wilson: and (5) The Electric Home and Farm Authority, chartered by Messrs. A. E. and H. A. Morgan and David Lilienthal (head of the great Tennessee Valley Authority).

Why, asked Father Coughlin, had the Government of the United States gone into the State of Delaware to register these corporations? The State of Delaware was noted for the laxity of its corporation laws and its subserviency to the du Pont interests (the great explosives combine controlling General Motors, etc.) A Delaware corporation is one that is accountable to the State of Delaware and not to the United States of America. A Delaware corporation is not under the jurisdiction of the Federal Courts: all question as to the legality of these corporations and their policies could thus be avoided.

The investigator, Father Coughlin stated, found the charter of a sixth corporation on the register, marked "do not publish." It was the Public Works Emergency Leasing Corporation and it was subsequently withdrawn. Its existence, or proposed existence had never been revealed up the public. It was given power to undertake any project included in the United States public works programme; to collect fees, charge tolls; to maintain and operate "edifices, structures and buildings of every kind, nature and description;" to furnish, equip, operate, manage, and maintain projects and structures of every kind, nature, or description, and to do any and all things necessary, suitable or convenient

in connection therewith, including without limitation the supplying of heat, steam, water, gas and electricity and transportation, telephone, and other facilities or utilities necessary, suitable, or convenient;" these things might be done "in the State of Delaware or in any other State Territory, or locality . . . without restriction or limitation as to amount;" personal property of every description might be acquired "in any manner;" and franchises, concessions, grants, trade marks, patents, copyrights, etc., etc., might be acquired, held and used.

Another clause in the charter of this amazing corporation reads as follows: "To acquire, by purchase, exchange, or otherwise, all or any part of or any interest in the properties, assets, business and goodwill of any one or more persons, firms, associations, or corporations engaged in any business for which a corporation may now or hereafter be organized under the laws of the State of Delaware; to pay for same in any lawful manner; to hold, operate, liquidate, sell, donate, or in any manner dispose of the whole or any part thereof; and, in connection therewith, to assume or guarantee performance of any liabilities, obligations, or contracts of such persons, firms, associations, or corporations, and to conduct in any lawful manner the whole or part of any business thus acquired."

Incorporated in the name of Mr. Ickes, Secretary of the Interior, and Messrs. Oscar Chapman and Theodore Walters, this corporation was not proceeded with. "This," said Father Coughlin, "is the attitude at least once expressed by this Administration's agents towards private property and industry." He challenged his auditors to scrutinise the laws and edicts which have emanated from Moscow since 1917 to discover a more comprehensive theoretic onslaught against private property than had been embodied in this charter secretly registered in Delaware by the Roosevelt Administration, obviously as an intended vehicle for the five billion dollar public works expenditure it had announced. As in the case of the other "emergency" corporations registered, the charter provided for its "perpetual existence." That such a corporation should be even contemplated revealed in the clearest manner the Administration's tendency towards Sovietism. In the words of Father Coughlin, the charter showed the presence in the Administration of men who were "hiding behind a smoke-screen of intrigue and double-dealing."

It is a far cry from the United States to New Zealand, and there is no visible connection between recent legislation in this country and in America. Nevertheless it is remarkable that a product of the depression in New Zealand was the setting up by Parliament of two great private corporations to assume governmental functions—the Reserve Bank to control the currency, and the Mortgage Corporation to take over the assets of the State lending Departments. This is exactly the same line of procedure as followed under the New Deal with its innumerable corporations. The two corporations set up in New Zealand were secret: that is, they were not under the Companies Act and their share list was not open to inspection. In America, as set out above, registration of certain corporations created under the New Deal was effected in the State of Delaware, thus removing them from jurisdiction of the United States Federal Courts, and making public control of them more difficult. In New Zealand, both the Reserve Bank and Mortgage Corporations Bills (as introduced), permitted foreign ownership of these institutions, and foreign ownership of the two institutions would undoubtedly place obstacles in the way of future Parliamentary interference with their operations. In the case of the Reserve Bank this foreign ownership was blocked (but not wholly) by amendment in Parliament. In the case of the Mortgage Corporation, as previously noted, the Government of the day successfully resisted an amendment to prevent foreign ownership. Furthermore, the whole design of the Mortgage Corporation is identical with the plan advocated by Mr. B. M. Baruch, Mr. Roosevelt's adviser in the United States, and embodied in the New Deal. In "The Underlying Causes of our National Depression" (Benjamin Franklin Society, Box 372, Waukegan, Ill., 1934) by E. H. Peterson, it is stated of Mr. Baruch: "He has admitted that he began a study of Farm Relief in 1921. He told a Senate committee that it was waste of money to undertake payment by the government of interest and maturities on existing mortgages and urged creation of a corporation, said corporation to issue tax-exempt bonds in exchange for the mortgage. He also proposed that the Secretary of Agriculture determine the amount by which the total acreage of corn, cotton, wheat and tobacco should be reduced to consume the overwhelming surplus." Neither the Reserve Bank nor the Mortgage Corporation was asked for by the people of New Zealand, who would be well advised to learn what they can of the

secret influences which have put legislation on their Statute Book for their economic regimentation and enslavement. The extinction of private ownership of the Reserve Bank by the new Labour Government in April, 1936, and its similar action with respect to the Mortgage Corporation, disposes of one of the worst features, but by no means necessarily so of the programme of regimentation.

A remarkable measure put through by the Roosevelt Administration was the Gold Bill of 1934. When Congress met in January of that year several Congressmen demanded that the Administration should disclose its monetary policy. Miss Coogan in her book says: "Immediately a secret session was called at the White House on Sunday evening, January 14th. On that occasion the President presented the 1934 Gold Bill. The following day the Congressmen who had really honest United States' money policies at heart, raised their voices in protest. They had asked to have some open hearing on the subject of money and they wanted to understand thoroughly and exactly the nature of any legislation that was passed. But all efforts on the part of members of both the House and the Senate to delay the Bill long enough to learn its contents were thwarted. The Bill was not even printed and circulated in Congress as required by all Congressional precedent. Congressmen voted like marionettes. Only a few sincere men protested." Congressman Beedy of Maine made a speech refusing to vote for a Bill the contents of which were not disclosed. Like Mr. McFadden, Mr. Beedy was defeated at the Congressional elections of 1934. Says Miss Coogan: "The high priests of international finance apparently decreed his political crucifixion." Mr. Beedy had been prominent on the Banking and Currency Committee, advocating an honest money system.

The Gold Bill gave the President power to raise the price of gold to \$41.34 per ounce. Miss Coogan, whose book is dated January, 1935, says the price of gold in the United States was fixed after the passing of the Gold Bill at \$35.00 per ounce and kept at that figure. "At the present time," she adds, "the price or purchasing power of an ounce of gold in the Colonies, Japan and in Argentina, is higher than in the United States. Therefore, all the raw material producers in those countries have a great advantage over the raw material producers of the United States . . . To meet this artificial condition American farmers must give as much wheat per

ounce of gold as the Argentina farmers do. They must sell their wheat at a serious discount below the natural and fair domestic price. They must sell at a loss which deprives them of any profit or excess of income over outgo, which they must have to buy the products of industrial centres. Thus industry is deprived of the purchasing power of over fifty million people dependent upon farm income."

The Gold Bill further provided for a stabilization fund of \$2,000,000,000 to be managed by the Secretary of the Treasury. Says Miss Coogan: "The Congress and the people are not permitted to know anything about the operations of this fund until after January 1937, and even the President is not empowered by law to exercise any control or influence. He is entitled to annual audits—after things have happened." After quoting passages from the Bill, Miss Coogan adds: "Every American who thinks about the matter will see that the misnamed 'Stabilization Fund' may be a back-handed method of 'legalizing' the disappearance of two billion dollars in gold . . . Just suppose, for instance, that the people learned that when the money changers were thrown out of the temple they took the temple's 'precious' contents with them!" The Roosevelt Administration in 1933 forced the ordinary people to hand to the banks all gold in their possession at \$20.67 per ounce; on the other hand it at the same time permitted the international financiers to export gold; and after the passing of the Gold Bill the internationalists were able to bring back the exported gold and get \$35.00 per ounce for it.

Some account of the Banking Act of 1935, sponsored by the Roosevelt Administration, is given by Mr. Owen in a Canadian publication ("The Instructor," March, 1936, Gardenvale, Quebec). This legislation makes all the various forms of paper money allowed in the United States legal tender, a condition not previously obtaining; contracts payable in gold are declared payable in legal tender; the minting of gold dollars is discontinued, and gold is to be put in gold bars available only for use by Treasury permit for commodity purposes or for payment of international balances. A Federal Reserve Board of seven members is set up with larger powers. A most important new power is that of directing the Federal Reserve Banks to buy or sell United States bonds, thus increasing the quantity of money in circulation by buying, and decreasing it by selling bonds and retiring the money paid for them.

Mr. Owen points out that this immense power of control over the volume of money in circulation, and thus over prices and wages, is to be exercised by an Open Market Committee consisting of seven members of the Federal Reserve Board and five members nominated by the twelve privately-owned Reserve Banks. The Act, he considers, is an unsatisfactory compromise between public control of money and private control. The private interests have only to get one of the seven Board members on their side in order to nullify Government proposals [even supposing that the Board members themselves are really representative of the public interest, which seems open to doubt in the light of past experience].

A further objection pointed out by Mr. Owen is that no mandate is given as to the manner in which the power of control of the currency is to be used. Mr. Owen has long held that the law should contain an instruction that the powers of the Federal Reserve system are to be used "to promote a stable price level." This was the instruction contained in the original Federal Reserve Bill, but removed in consequences of the opposition and intrigue of the money interest, which has since fought and defeated every attempt to insert it in the law. "As a consequence," says Mr. Owen, "the powers of the Federal Reserve system were employed to carry out the policies of those who favoured the private control of credit and who were responsible for the indefensible expansion and contraction of credit which caused the panic of 1921 and the panic of 1929." The new Roosevelt law leaves the position as it was, with the door wide open to a repetition of these proceedings. It also makes a present to the stockholders of the profits of the Federal Reserve Banks, which profits formerly went mainly to the United States Treasury. These provisions showed the moneyed interest still very much on the box seat, with power to continue to despoil the people of the United States of their property by monetary manipulation, producing alternate boom and slump.

* * * *

[A serious defect in the amending Reserve Bank legislation enacted in April, 1936, by the New Zealand Labour Government is similarly that no principle whatever is laid down for the control of the issue of money. The original proposal of Sir Otto Niemeyer was that the money of New Zealand should be tied in rigid parity to the money of

Britain. This was struck out by the late Coalition Government in establishing the Reserve Bank, and this private corporation was left with despotic power to issue or restrict legal tender as it pleased—that is to say, to raise or lower price and wage levels at will, and to any extent. The amending legislation of the Labour Government simply transferred this despotic power to the Minister of Finance, enacting that the function of the Reserve Bank is “to give effect as far as may be to the monetary policy of the Government, as communicated to it from time to time by the Minister of Finance.” In its election campaign the Labour Party affirmed its intention of reducing the exchange rate from its present 24 per cent. level, apparently to parity with sterling. Sterling is inconvertible paper money issued by the Bank of England, a private corporation, on no known principle of regulation. Reversion by the Labour Government to the Niemeyer parity of exchange basis for New Zealand currency would thus mean that the relationship between money and goods and services in New Zealand was anything the Bank of England liked to make it. Like the Roosevelt money policy, the New Zealand Labour Party money policy is vague and unsatisfactory. In both cases there is failure to embody in the law a principle on which the means of payment is to be issued and regulated. The position is unsound and may be disastrous, for the temptations to misuse despotic powers are enormous, and are seldom long withstood. A guaranteed price for butter is no substitute for an honest and stable monetary unit.]

3. THE MANUFACTURE OF WANT

While performing these varied operations on the monetary side, the Roosevelt Administration made strenuous efforts to help the farmers by rebuilding prices. The Bankhead Bill aimed to raise the price of cotton. Every third row of cotton was ordered to be ploughed under. Millions of pigs and cattle were ordered to be destroyed to raise the price of pork and beef. The area to be planted in all sorts of crops was restricted by Government order, and farmers were subsidised for not producing. Prices were in this way artificially forced up **without the people being put in possession of extra money to pay higher prices.** The effect was to make the townspeople pinched and discontented. Not one glance, says Miss Coogan, was directed to the monetary supply.

This point is dwelt on by Mr. Owen in an article in the "Instructor" for April, 1936. He points out that on June 30, 1930, bank loans to business people in the United States totalled 40.6 billion dollars and thereafter steadily declined until in 1936 they were down to 20.1 billions. This meant that half the working capital of the nation had gone. The Roosevelt policies have resulted in the banks transferring their loans from private industry to public works and relief, and manufacturing new deposits against public debt. "Unfortunately," says Mr. Owen, "a large part of these new deposits . . . are held by the government itself comparatively inactive, and a large part have gone into the great corporations as surplus idle funds, and into large private estates, leaving the mass of small producers. . . . without the working capital necessary to pay for raw materials and to pay for wages, salaries, etc. . . . It is this destruction of working capital with which business men paid wages and salaries that is still keeping 11,000,000 people out of employment and industry. . ." Mr. Owen states that the remedy is simple. All that the Government has to do is to stop issuing interest-bearing Government bonds, and to start buying them instead. The banks would then be obliged to lend to business men instead of to the Government, and a speedy restoration of normal conditions would follow. The Roosevelt policies, however, have been in the direction of State regimentation and control of industry, and not in the direction of restoring to private enterprise the working capital withdrawn by the financiers, and without which it cannot function. The results have been extraordinary.

The United States Government trade returns, as quoted in the "Revealer" (Wichita, Kansas) of October 15, 1935, showed that whereas in 1921 the United States exported 359 million bushels of wheat, in eleven months prior to October, 1935, the export was only 20 million bushels and the import 23 million bushels. In 1933, before the Roosevelt policies had taken effect, the export of corn was nearly 8 million bushels, but in the first five months of 1935 it was down to 100,000 bushels with more than 11,000,000 bushels imported as against 344,000 bushels imported in 1933. It was stated that in September 1935, the total imports of farm products into the United States—for the first time since the Civil War, if not for all time—were greater than the exports of farm products. The imports for the month of all kinds of

vegetable food products, grains and grain preparations, etc., were more than double the exports of these things. In many publications mention was to be found of strong feelings of moral revulsion amongst the farming population against the downright wickedness of destroying food and burning stacks of grain by Government order when millions were destitute and in need of food.

As an example of the Roosevelt legislation the Potato Law promulgated in 1935 is striking. According to the "Revealer" ((11/9/35) this law provided that no one might buy, or offer to buy, potatoes which were not packed in closed containers approved by the Secretary for Agriculture and bearing proper Government stamps. The penalty for a first offence was a thousand dollar fine; for a second offence a year in gaol, or another thousand dollar fine, or both. The same penalties applied to the seller. To get the Government stamps the farmer had to pay a tax of 41 cents a bushel. No farmer could get stamps unless a potato production quota had been allotted to him. No farmer could get a quota unless he could show that he had raised potatoes in 1932, 1933, or 1934, and he must show how many potatoes he raised and sold, and he must not exceed the quota allotted him. "Every man who plants a potato patch in his backyard now becomes a 'bootlegger', " said the "Revealer." It was stated in the newspapers that housewives in many parts were planting potatoes on their lawns as part of an organized protest against what they regarded as a tyrannical law. The spectacle was thus presented of the State standing between the people and their access to the fruits of the earth.

President Roosevelt's New Deal policies bore no relation to the Democratic Party programme, nor to his own election pledges. Many leading Americans have expressed their detestation of the whole programme. One finds numerous Democrats speaking of President Roosevelt and all his works in language quite as strong as that used by Senator James A. Reed, of Missouri, in Detroit on October 24, 1934 (Crusaders' leaflet). "For fifty years," said Senator Reed, "I have stood upon the Democratic platform, and with equal firmness I stand upon the platform of the last Democratic National Convention . . . Being a Democrat it follows that I am not a Communist, a Socialist, a Bolshevik, or a combination of all three, and that, therefore, I am not a New Dealer." The whole scheme, he averred, was simply to increase the price

of everything at a time when money was scarce. "Asserting in one breath that there is over-production," said the Senator in criticizing the Administration in detail, "it starts innumerable business enterprises throughout the country. In a single small town in my state they have opened a canning factory, an ice plant, a garment factory, a kindergarten and a brass band. That has occurred, or is occurring, in thousands of towns throughout the United States. That necessarily means the reduction of employment in established concerns, unsettles the market, and produces an additional surplus." The business man, endeavouring to carry on in a community insufficiently supplied with purchasing power, was compelled to compete with these new Government fostered institutions. The foregoing gives an insight into the amazing nature of some of the colossal expenditure under the New Deal.

In his election campaign Mr. Roosevelt said at Sioux City on September 29, 1932: "I accuse the present (Hoover) Administration of being the greatest spending administration in peace times in all our history—one which has piled bureau upon bureau, commission on commission, and has failed to anticipate the dire needs of reduced earning power of the people."

Speaking at Pittsburgh on October 19, 1932, Mr. Roosevelt said: "I regard reduction in Federal spending as one of the most important issues of this campaign. In my opinion, it is the most direct and effective contribution that government can make to business."

Speaking at Butte, Montana, on September 19, 1932, Mr. Roosevelt said: "...Remember well, that attitude and method—the way we DO things, not just the way we SAY things, is nearly always the measure of our sincerity."

The above are from the "Revealer" of September 15, 1931, which printed beside them the following figures:

Expenditures of U.S. Government from			
Washington to Wilson, 1789 to 1913,			
total of 124 years	....	....	\$24,521,845,000
Expenditures of Roosevelt Administra-			
tion as arranged by Roosevelt—actual			
1934 and estimated 1935 and 1936, total			
of three years	....	....	\$24,206,533,000

The huge expenditures and colossal budget deficits of the New Deal followed the election of a Democratic President

pledged to the support of the Democratic Party programme adopted at the party's National Convention of 1932. The platform included the following: "An immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 per cent. in the cost of Federal Government. Maintenance of the National Credit by a Federal Budget annually balanced. . . We condemn the improper and excessive use of money in political activities. . ." In a campaign speech President Roosevelt said: "I have accepted the platform without equivocation and without reserve." (vide "Revealer," 15/6/35).

The United States Congress has not the unfettered power of Britain's Parliament. Under the American Constitution powers are variously distributed between the Executive, Congress, and the State Governments, and the last word in the interpretation of the Constitution rests with the United States Supreme Court. If the Supreme Court decides that legislation enacted by Congress is unconstitutional, that legislation is dead, and there is no appeal from the decision, the sole recourse being by the complicated process of amending the Constitution and then enacting fresh legislation.

An important measure in the New Deal legislation, the National Recovery Act (N.R.A.) was declared unconstitutional by the Supreme Court in May, 1935. On January 6, 1936, the Supreme Court similarly declared the Agricultural Adjustment Act (A.A.A.) to be unconstitutional. There are nine Judges on the Supreme Court bench, and the decisions were in each case arrived at by majorities of six to three. Although the Jews number about 4 per cent. of the total population of the United States there are two Jewish Judges and seven Gentiles on the Supreme Court Bench. The two Jews are Mr. Justice Brandeis and Mr. Justice Cardozo. Mr. Brandeis was the first Jew to be appointed to the Bench, and was a nominee of President Wilson, his appointment being confirmed after long opposition in the Senate. Both Justices Brandeis and Cardozo were in the minority in support of the New Deal legislation. It has been stated in various quarters, as we shall see later, that Mr. Brandeis took part in the framing of the legislation.

At the time of the Supreme Court decision on the N.R.A. President Roosevelt in a statement to the newspapers

described the Constitution as belonging to the "horse and buggy age." Commenting on this statement, former Senator James A. Reed, a well-known Democrat, pointedly asked: "What is to be said of a man who laid his hand on the old Bible that has been used habitually in the administering of Presidential oaths from Washington down and swore that he would protect and defend the Constitution from all enemies, foreign and domestic, and who, having been advised by the Supreme Court that the Constitution had been violated, instead of retracing his steps, referred to this sacred document as belonging to the 'horse and buggy age'? That expression can only mean that he held the Constitution in contempt and considered it an obsolete instrument which ought to be ignored. . . The man or men who have so little regard for an oath, so little regard for a solemn compact with the people of the United States, cannot be trusted to fulfil any obligation or to keep any promise they have made or may hereafter make" (vide "Revealer," 15/8/35).

The attitude of the Administration to the invalidation of its legislation led to strong suspicion, freely expressed in various quarters, that President Roosevelt and his advisers were working things round to test public sentiment with a view to sweeping away Constitutional restraints on the executive. Whether such steps will follow under Mr. Roosevelt or some other President remains to be seen.

It is noteworthy that as far back as December 15, 1931, Mr. McFadden had asserted in Congress: "The international financiers sought to bring about a condition of financial despair and anarchy here so that they might emerge as the rulers of us all . . . then you will see a dictatorship controlling industry and production, as we now have a dictatorship controlling money and credit." On January 13, 1932, Mr. McFadden, in denouncing the Reconstruction Finance Corporation Bill, declared that it revealed the presence of forces "seeking to destroy the Constitution itself." On June 4 of that year he said: "It is whispered that we may have to turn to the remedy of a dictatorship, to suspend the Constitution, to dissolve the Congress;" but asserted: "We cannot avoid disaster by surrendering our affairs to the authors of disaster." On June 10 he said: "Russia was designed to supply man-power and this country was to supply financial power to an international super-state—a super-state controlled by international bankers and internationalist

industrialists acting together to enslave the world for their own pleasure."

On January 31, 1934, Mr. McFadden, addressing his remarks to the Democratic majority in the House, said: "For many years the affairs of this country were mishandled by self-styled financial experts who seized upon political power in the name of business. Their dishonesty of thought and method were the fabric of our disaster. The land rose and cried out against these men. You seized the public resentment as your opportunity and by promising to it satisfaction for its wrongs, you won your way to power. You had a great opportunity. What did you do with it? You turned over the processes of government to the very same individuals who had wrecked us as financial experts, giving them barely time to change their clothes and re-christen themselves economic experts. You asked and received unlimited power in the name of emergency and then turned that power over to the men you had denounced as criminals. . . . No single evil of the Hoover administration has been corrected. Many of them have been perpetuated. Men who acquired fortune and dishonour by swindling the public as individuals are now placed in official positions. . . . Free government can rest upon no foundation but that of truth. Censorship, propaganda, suppression—all these are enemies of truth. All three are practised by this administration in the name of emergency."

After Mr. Roosevelt took office it very soon became apparent that the policies he was carrying out had nothing to do with the Democratic platform on which he and the majority in Congress had been elected. As early as May 2, 1933, Mr. Hamilton Fish, Jr., was saying in the House of Representatives: "If one reads the Socialist platform of 1912, it makes one wonder whether the 'brain trust' has not substituted it for the Democratic platform. . . . Socialism and Communism were not voted into power; yet these are what the people are having thrust upon them under the Democratic banner." Recognition of the remarkable similarities between the Roosevelt policies and the Communist and Socialist programmes has become increasingly evident with the passage of time. In a pamphlet issued in 1936 by the League for Constitutional Government (18 East 48th St., New York City) the programmes of the Communist International, the Communist Party of America, and the United States

Socialist Party and the New Deal legislation are set out in parallel columns side by side. An extraordinary similarity between them all is at once revealed. In great part they are identical in principle.

4. BRAIN TRUST BIOGRAPHIES

We now come to an examination of the personnel with which President Roosevelt surrounded himself. It will be remembered that much was heard in 1933 of the group of university professors and economists—the so-called “Brain Trust”—on whom the President was relying for advice. A very critical eye was turned on the Brain Trust at an early date by one well-known Republican Congressman, Mr. Hamilton Fish, Jr. Mr. Fish directed attention to the Communistic and Socialistic affiliations of various members of the Brain Trust. This was a subject on which he was well qualified to speak. In May, 1930, Mr. Fish was appointed chairman of a Congressional Committee set up to investigate Communist activities in the United States. This Committee reported in January, 1931, after visiting all parts of the United States and hearing some 275 witnesses. No action was ever taken on its report, which was quickly buried in oblivion. In order to appreciate the significance of the allegations with respect to the Brain Trust it is necessary to understand the structure of the Communist movement in the United States as revealed in the Fish Committee report (71st Congress, 3rd Session, H.R. Report No. 2290).

The report stated: “The following is a definition of communism, a world-wide political organization advocating: (1) Hatred of God and all forms of religion; (2) destruction of private property, and inheritance; (3) absolute social and racial equality; promotion of class hatred; (4) revolutionary propaganda through the Communist International, stirring up communist activities in foreign countries in order to cause strikes, riots, sabotage, bloodshed and civil war; (5) destruction of all forms of representative or democratic governments, including all civil liberties, such as freedom of speech, of the press, of assembly, and trial by jury; (6) the ultimate and final objective is by means of world revolution to establish the dictatorship of the so-called proletariat in one union of soviet socialist republics with the capital at Moscow.”

Tracing out the history of modern Communism, the report pointed out that it began in January, 1848, with the "Manifesto of the Communist Party" by Karl Marx and Friedrich Engels, "two apostate Jews." [Most writers refer to Engels as a Prussian.] The first International Association of Workers, based partially on the manifesto, was established at St. James's Hall, London, on September 28, 1864, largely through the efforts of Marx. The Second International was formed at Paris in 1889, six years after Marx's death, and became the fountainhead of international socialism. It was repudiated by the extreme radical element of which Nicolai Lenin was the leader. In March, 1917, the Tsar of Russia abdicated, resigning power to the duma elected by the people. A provisional government of liberal members headed by Prince Lvov took charge, and the first nation to recognize it was the United States. On October 30, 1917, the first blow was struck in a carefully prepared armed revolt by Lenin and Trotsky at the head of 30,000 Communists, and on November 7, the provisional government was overthrown with the help of deserters from the army and navy. The Third or Communist International was formed at Moscow by Lenin in March, 1919, invitations being sent to some 40 Communist, revolutionary, and left-wing socialist organizations throughout the world. This International is, for practical purposes, identical with the Soviet Government. In September, 1919, the Communist Party of America was founded as part of the Communist International. A Japanese, Sen Katayama, for some years resident in America, became its spokesman at Moscow and head of the American section of the Communist International from 1919 "until recently." He was succeeded by William W. Weinstein. In the United States "a large percentage of the known Communist district organizers are of Jewish origin," states the report. It is also stated that the largest daily Communist newspaper is the "Morning Freiheit" published in Yiddish in New York City. The percentage of Jewish boys and girls attending the Communist camps in the vicinity of New York City is estimated to be 90 per cent. Mr. William Z. Foster, Communist candidate for the Presidency and leader of the party, stated in evidence to the Committee that Communists owed no allegiance to the American flag, but only to the red flag of Moscow. "Since 1925," stated the report, "the Department of Justice has had no power, no authority, or no funds from the Congress to investigate

Communist propaganda or activities. . . At the present time the Communist Party in United States is thoroughly and highly organized, nationally and locally, and is extremely active."

In tracing out the innumerable Communist activities in the United States, the Fish Committee listed some sixty subsidiary organizations. Of one of these it said: "The American Civil Liberties Union is closely affiliated with the Communist movement in the United States, and fully 90 per cent. of its efforts are on behalf of Communists who have come into conflict with the law. . . Roger N. Baldwin, its guiding spirit, makes no attempt to hide his friendship for Communists and their principles. He was formerly a member of the I.W.W. and served a term in prison as a draft dodger during the war." An extract was quoted from Mr. Baldwin's evidence affirming belief in the right of a citizen or alien resident to advocate the overthrow of the United States Government by force and violence, including murder and assassination "so far as mere advocacy is concerned." In common with other Communist subsidiaries the American Civil Liberties Union received large sums from the American Fund for Public Service, Inc., commonly known as the Garland Fund. This fund, originally \$900,000, was established in 1922 by a rich son of a Massachusetts industrialist and by enhancement of the stock of the First National Bank of the City of New York in which it was held, it increased to \$2,000,000. At the time of the report about \$600,000 was left. The directors were: Roger Baldwin, Robert W. Dunn, Morris L. Ernst, Elizabeth G. Flynn, Lewis S. Gannett, Benjamin Gitlow, Clinton Golden, James W. Johnson, Freda Kirchway, Clarina Nichelson, Scott Nearing and Norman H. Thomas. Loans were made from the Garland Fund, the loans being largely cancelled after a few years. The 1928 report of the fund showed the following loans: "Daily Worker," (Communist), \$31,375; International Labour Defence (Communist), \$35,600; All-American Anti-imperialist League (Communist), \$100,000; etc. Another of the numerous Communist subsidiaries was the Friends of the Soviet Union, of which the report stated: "All officials of the Friends of the Soviet Union must be Communists." As typical of the activities of the American Civil Liberties Union, the Fish Committee stated: "During the trial of the Communists at Gastonia, not for freedom of speech, of the press, of assembly,

but for a conspiracy to kill the chief of police, of which seven defendants were convicted, the A.C.L.U. provided bail for five of the defendants amounting to \$28,500, which it secured from the Garland Fund. All of the defendants convicted jumped their bail and are reported to be in Russia. The \$28,500 bail was forfeited, including \$9,000 more advanced by the International Labour Defence."

Returning now to the Brain Trust set up by President Roosevelt, we find Mr. Hamilton Fish, Jr., saying of it in Congress on May 2, 1933: "Let us get acquainted with the past affiliations of each member of this 'Brain Trust'—Professor Rexford Guy Tugwell, Professor Raymond Moley, Mordecai Ezekiel, and William C. Bullitt.

"Mr. Tugwell is co-author with Stuart Chase (another Socialist) and Robert Dunn (a Communist) of the book 'Soviet Russia in the Second Decade,' and this same Stuart Chase (Socialist friend of Tugwell) is the author of the book 'A New Deal,' in which he says that 'in a way it is a pity that the road to revolution is temporarily closed.' We find that Professor Tugwell has for some years trained with the Socialists of the nation. He was professor of economics at Columbia University; contributing editor to the socialistic 'New Republic' magazine, a more or less semi-official organ of the Socialist Party; a member of the advisory board of the people's lobby, a socialistic movement set up by John Dewey, another Socialist professor of Columbia University; and is on the board of directors of Manumit Associates, Inc., a radical enterprise partially supported by the American Fund for Public Service (Garland Fund), the spending of which fund was in the hands of a committee of Socialists and Communists, who doled it out for Socialist and Communist activities. Tugwell has been a member of several committees of the American Civil Liberties Union, an organization specializing in the defence of Communists and radicals of all types. He has written on Socialism, having collaborated in Socialist Planning and a Socialist Programme, while he wrote 'Experimental Control of Russian Industry'; and 'Soviet Russia in the Second Decade.' He believes 'there is no difference between Russians and Americans.' . . .

"The second in line in the 'Brain Trust' appears to be a Professor Raymond Moley, who also hails from Columbia University. Professor Moley has been a lecturer at the Rand School, a social-pacifist college which was raided for slackers

during the World War. These lectures were regularly attended by extreme radical Socialists, pacifists, and Communists. Moley is a director of the Foreign Language Information Service set up by the American Civil Liberties Union crowd. Some months ago, following the arrest of a number of Communist agitators in New York City, the American Civil Liberties Union held a protest meeting against alleged 'police brutality,' at which the radicals of the American Civil Liberties Union directorate held forth, and Professor Moley was there in prominence. Professor Moley is looked upon as the right arm of the Professor Tugwell group composing the 'Brain Trust.'

"Professor Mordecai Ezekiel, the economic adviser to the Secretary of Agriculture, is a real shadow of Professor Tugwell, so far as the Russian farm plan is concerned. He appears to be the Professor Einstein of the administration, and carefully elaborates the working of the 'new deal' to Congress by the use of logarithms. . . Professor Ezekiel has visited Russia where he has made considerable study of the Gosplan.

"A new Assistant to the Secretary of State is a close friend of Professor Moley. He is William Bullitt . . . Bullitt has been a bosom friend of Lincoln Steffens (Communist) for many years, and spent much time in Russia with the red publicist in close association with Lenin, Tchitcherin, and Litvinoff."

Professor Moley, it will be remembered, represented President Roosevelt at the World Economic Conference held in London in 1933.

Mr. Bullitt in November, 1933, was appointed first United States Ambassador to Soviet Russia. The "Patriot" of January 4, 1934, quoted from the New York Yiddish newspaper, the "Forverts" (28/11/33), the following reference to Mr. Bullitt: "The mother of the United States Ambassador to Soviet Russia was a Jewess. . . Mr. Bullitt inherited from his mother all the characteristic symptoms of the Jewish inclination towards radicalism [an Americanism for Communism], his aspirations towards progressive ideas, etc. In all his movements Jewish traits are discernible." Mr. Bullitt's friend, the Communist author Lincoln Steffens, is stated in "The Surrender of an Empire" to have accompanied Trotsky and the other Bolshevik leaders when they were shipped across from New York in the spring of 1917 to start

the Bolshevik revolution in Russia. They were arrested by the British naval authorities when the ship called in at Halifax, Nova Scotia, but were released and allowed to proceed under circumstances that have never been fully cleared up. As related in his memoirs "Through Thirty Years," by Mr. Wickham Steed, at the time editor of the London "Times," President Wilson at the Peace Conference was strongly in favour of recognition of Bolshevik Russia. Mr. Steed expressed the opinion that the prime movers in the matter were "Jacob Schiff, Warburg and other international financiers who wished above all to bolster the Jewish Bolsheviks to secure a field for German and Jewish exploitation of Russia." Mr. Lloyd George fell in with the idea and, with Colonel House, agreed to a mission being sent to Moscow to arrange matters.

In "The Surrender of an Empire" Mrs. Webster relates that the emissary selected was "a young American journalist, Mr. William C. Bullitt, then in charge of the American Peace Delegation." Mr. Bullitt was accompanied on this mission by Mr. Lincoln Steffens. According to his deposition before the American Senate, Mr. Bullitt on returning was cordially received by Colonel House and Mr. Lloyd George. "He breakfasted with Mr. Lloyd George--General Smuts, Sir Maurice Hankey and Mr. Philip Kerr being also present"—and handed in the Soviet proposal for recognition, but Mr. Lloyd George said "he did not know what he could do with British public opinion." In an article by the Bolshevik leader Radek (alias Sobelsohn), quoted in the "Patriot" (25/1/34), Mr. Bullitt is stated to have told Radek in 1932: "You are the only country in the world that makes progress valiantly." Fourteen years after his Conference efforts, the United States at length recognized Moscow, and Mr. Bullitt was selected by President Roosevelt as first American Ambassador to Soviet Russia.

Speaking in Congress on March 15, 1934, in opposition to the Bankhead Cotton Control Bill, giving the Government power to restrict the acreage planted in cotton, Mr. Louis T. McFadden expressed the opinion that it was part of a programme to establish a new form of government. He said: "It is right in line with the plan which is now being worked out in England. I want to point out to the House that there is a concerted movement not only in England, but in the United States. In the United States this movement is now

in charge of certain men now engaged in writing legislation in the Department of Agriculture. I refer to Mr. Tugwell, Mr. Mordecai Ezekiel, and Mr. Frank, and their immediate associates, some of whom are in other departments, and some of whom are outside; and I may even go so far as to say that they are aided and abetted in this matter apparently by the Secretary of Agriculture. Their action in this matter is also assisted and aided through the agency of the Foreign Policy Association of the United States, which is directly connected with the Fabian Society, or a branch of it, in England, which at the present time is attempting to take over the control of agriculture and its operation in England, as well as the industries therein located. I call your especial attention to the recent article 'America Must Choose,' by Secretary of Agriculture Wallace, a syndicated article put out under auspices of the Foreign Policy Association of New York and copyrighted by them. This article is quite in keeping with the plan of the British offspring of the Fabian group."

5. SOURCES OF INSPIRATION

With Mr. McFadden's references to the Planned Economy movement in Britain, with its programme of rationalization and quotas now being enforced in the British Empire, we shall deal in the next chapter. It has been noted above that Mr. B. M. Baruch, former war-time dictator of the United States, having been appointed Minister without portfolio by President Roosevelt in 1933, had been termed in a Jewish paper "the unofficial President." In the United States Congressional Record of June 8, 1934, Mr. McFadden is reported as saying:

"During the past several months Bernard M. Baruch, Felix Frankfurter, and the New York Jewish lawyer, Samuel T. Untermyer, have made several visits to Europe and spent considerable time there. There is justification for the belief that they have contacted with members of the British Fabian group and are familiar with their plans. The same system, in a somewhat adapted form has been placed upon the statute books in the United States, and the iron hand of world control is fast being closed upon American agriculture, labour, and industry. The people of the United States have

been propagandized into a belief that the National Industrial Recovery Act is a product of the political genius of Franklin Delano Roosevelt. There is no greater popular fallacy. The National Industrial Recovery Act was formulated before Franklin Delano Roosevelt had any well-defined ideas as to its existence, and it is doubtful that even now he appreciates its significance. It required 15 years of hard work on the part of Mr. Baruch and his associates to foist this act upon the American people, and it was only through the sufferings over a period of great stress that he was able to do it. . . It might be stated that practically every year since the war Baruch has been going to the Army War College and giving our future generals lectures along these lines."

Mr. McFadden then proceeded to quote evidence given by Mr. Baruch before the War Policies Commission in 1931 advocating a general regimentation of industry along New Deal lines in times of war or emergency caused by the imminence of war. Mr. Baruch also put in at that time a draft of a price-fixing act, which he stated had been framed by General Johnson (appointed in 1933 by President Roosevelt to administer the National Recovery Act), and stated that General Johnson under his direction during the war had drawn up the war selective service regulations. General Johnson is a business associate of Mr. Baruch. Proceeding, Mr. McFadden said:

"Frankfurter has been furnishing most of the legal brains for the outfit, and it is said that no legal position of any consequence can be secured by any lawyer in the present Administration without it has first had the approval of Frankfurter. And it is a startling fact, in connection with this, that most of the legal advisers, especially in key positions, are Jews. Felix Frankfurter's adept student and protege, Jerome N. Frank, general counsel of the Agricultural Adjustment Administration, delivered an address before the Association of American Law Schools, thirty-first annual meeting, at Chicago, December 30, 1933, on Experimental Jurisprudence and the New Deal. A reading of this address shows the contempt of the Frankfurter lawyers for the Constitution of the land, and an expressed determination to obviate and avoid constitutional barriers in their administration of the Nation's affairs. Those in charge of the plan and its administration have for years considered methods for accomplishing their ends without regard to the Constitution of the United States. . .

"There has not been an Administration since our advent into the great World War in which Bernard M. Baruch has not been a chief political, economic and financial adviser, and every administration that has listened to him has carried us deeper into financial chaos, and to-day we are operating on his greatest experiment—a planned economy and industrial and agricultural control. . . ."

In a radio address delivered on May 2, 1934, and printed in the Congressional Record the following day, Mr. McFadden had associated Mr. Justice Brandeis, the Jewish Judge of the Supreme Court bench, with the creation of the Brain Trust and the inspiration of the New Deal policies. Mr. Brandeis has long been known for his "advanced" views. In an Edmondson Economic Service Bulletin (15/2/35) various extracts are quoted as evidence of the Brandeis origin of the Roosevelt policies. It is stated that in 1930 there appeared a book "The Social and Economic Views of Mr. Justice Brandeis," and that in a later pamphlet the publishers said of this book: "To-day America is being governed by the enlightened thought of Justice Brandeis." The Jewish-owned "New York Times" (28/1/34) is quoted as saying: "The underlying philosophy of the New Deal is the philosophy of Justice Brandeis. The Recovery Program (N.R.A.) is almost a composite of his dissenting opinions." Referring to statements by General Johnson asserting that Mr. Justice Brandeis had been consulted by him with respect to the framing of New Deal legislation, Dean Edward T. Lee of Chicago's John Marshall Law School, was quoted as saying on October 11, 1934, that if these statements were true, the conduct of Justice Brandeis was unethical, and it would be entirely proper for any defendant to ask that he should not sit in judgment in the Supreme Court on the constitutionality of New Deal legislation framed by him in part.

Mr. McFadden in his radio address said: "The original 'Brain Trust' was composed by Professor Raymond Moley, Professor Rexford Tugwell, and Justice Brandeis' contribution, A. A. Berle, Jr., and Bernard M. Baruch's contribution, General Hugh S. Johnson. To these must be added Professor George E. Warren and Professor James Harvey Rogers, the gold specialist twins, and another Mr. Justice Louis D. Brandeis confrere, Professor Felix Frankfurter, James M. Landis, Jerome Frank, and another Bernard M. Baruch contribution, Donald Richberg,

Frederick C. Howe, Harry L. Hopkins, Clarence Darrow, Mordecai Ezekiel, Harold Ickes, and one must not omit Secretary of Agriculture, Henry A. Wallace, nor should we omit Henry Morgenthau, Sr., who is a sort of super-adviser of his illustrious son."

Proceeding, Mr. McFadden pointed to the curious similarity between the New Deal and the policies advocated by Mr. A. A. Berle, Jr., of the Brain Trust, in a little book written by him in 1918, "The Significance of a Jewish State," and dedicated to his friend, Mr. Justice Brandeis. Mr. Berle in this book regarded the Jew as "the barometer of civilization at all times," and dwelt on the inability of Christianity to avert war or "to do a single thing towards mitigating its worst effects." He proceeded to picture the development of a "rationalized Hebrew State" controlled by "the finest body, collectively, of intellectual force and discrimination which the world knows." Of the general lines of this Jewish, or Jew-controlled State, the following sentence gives a sufficient glimpse: "Almost from the beginning land and industries, public resources, mineral and otherwise, could be nationally administered, and all this would make a most novel and striking page in statecraft."

Professor Felix Frankfurter, who is alleged to have supplied the legal brains for the Roosevelt administration, is an Austrian Jew, born in Vienna in 1882. He was admitted to the American bar in 1905, and is head of the law department of Harvard University. He was Assistant to Secretary of War Baker, and was nominated for the Massachusetts Supreme Court in 1932, but was defeated by 500,000 protesting petitioners. He is named as a member of National Council of the American Civil Liberties Union. In 1917 Professor Frankfurter was appointed counsel to the Mooney Mediation Commission set up by President Wilson with the view to bringing about the release of one Tom Mooney who was sentenced to imprisonment for bombing a Preparedness Day procession in California in 1916, killing ten persons and injuring 50. Professor Frankfurter endeavoured to enlist the influence of ex-President Theodore Roosevelt on behalf of Mooney. In a letter under date of December 19, 1917, the ex-President replied:

"Thank you for your frank letter. I am answering it at length because you have taken and are taking . . . an attitude which seems to me to be fundamentally that of Trotsky and

the other Bolshevik leaders in Russia; an attitude which may be fraught with mischief to this country . . . I have just received your report on the Bisbee deportation. . . Your report is as thoroughly misleading a document as could be written on the subject. No official writing on behalf of the President is to be excused for failure to know and clearly set forth that the I.W.W. is a criminal organization . . . Here again you are engaged in excusing men precisely like the Bolsheviks in Russia, who are murderers and encouragers of murder, who are traitors to their allies, to democracy and to civilization, as well as to the United States, and whose acts are nevertheless apologized for on grounds, my dear Mr. Frankfurter, substantially like those which you allege."

The foregoing is taken from an Edmondson Economic Service bulletin (4/7/34; 80 Washington St., New York City). In the same bulletin is an excerpt from "The New Dealers" (1934 edition) by Simon and Schuster, describing Professor Frankfurter as "the legal mastermind of the New Deal," and stating that his intimacy with President Franklin Roosevelt dates back to the Wilson administration. It is added: "When Wallace and Tugwell planned their new farm administration, they asked Frankfurter to recommend a solicitor for the Department of Agriculture. He suggested Jerome N. Frank. When the first draft of the Securities Bill was practically wrecked, Moley sent for Frankfurter to rewrite it. Felix brought him down Professor Landis and Ben Cohen. When the T.V.A. [Tennessee Valley Authority conducting giant schemes of all sorts] was organized and needed a smart lawyer Frankfurter produced David Lilienthal. For Miss Perkins [Secretary of Labour] he produced Charles E. Wyzanski, Jr.; and Secretary Hull found waiting for him in the State Department another Frankfurter economic protege in the shape of Herbert Feis. Thus are Frankfurter men established in key posts throughout the administration." In quoting this the Edmondson bulletin added that the Frankfurter men were "estimated to total hundreds, most of them from Jewish-Radical circles." Professor Frankfurter has been freely mentioned as a prospective addition by President Roosevelt to the bench of the United States Supreme Court. As noted, the late Lord Haldane has recorded the names of Professor Frankfurter and Mr. Justice Brandeis in his autobiography as among the numerous Jews with whom he maintained intimate relations.

6. A CABINET IN REVIEW

Of Mr. Henry Morgenthau, Jr., President Roosevelt's Secretary of the Treasury, Mr. Louis T. McFadden spoke in Congress as follows on January 24, 1934: "Mr. Chairman, understanding that Henry Morgenthau is related by marriage to Herbert Lehmann, Jewish Governor of the State of New York, and is related by marriage or otherwise to the Seligmans, of the international Jewish firm of J. and W. Seligman, who were publicly shown before a Senate committee of investigation to have offered a bribe to a foreign government; and to the Lewissohns, a firm of Jewish international bankers; and to the Warburgs, whose operations through Kuhn, Loeb and Co., the International Acceptance Bank, and the Bank of Manhattan Co., and other foreign and domestic institutions under their control, have drained billions of dollars out of the United States Treasury and the bank deposits belonging to United States citizens; and to the Strauses, proprietors of R. H. Macy & Co., of New York, which is an outlet for goods dumped upon this country at the expense of the United States Government, which is compelled to issue paper money on the said foreign goods of the Strauses; and that Mr. Morgenthau is likewise related or otherwise connected with the Jewish banking community of New York and London, Amsterdam, and other foreign financial centres, and that he has as his assistant, presiding over public funds, Earl Baillie, a member of the firm of J. & W. Seligman, bribegivers as aforesaid, it seems to me that Henry Morgenthau's presence in the United States Treasury, and the request that Congress now give him a \$2,000,000,000 'kitty' of the people's money for gambling purposes is a striking confirmation of the statement made by me on the floor of the House on May 29, 1933 . . ."

Mr. McFadden, it should not be forgotten, was for over twelve years chairman of the United States House of Representatives Banking and Currency Committee, and was a former president of the Bankers' Association of the great State of Pennsylvania. He made the foregoing statement in his speech opposing the grant of \$2,000,000,000 for the purpose of an exchange stabilization fund, to which reference has been made earlier in this chapter. This secret fund, to be used in a manner unexplained, was on the lines of the British Exchange Equalization Fund of £350,000,000 voted by Parliament soon after the abandonment of the gold standard

in 1931. Of this mysterious British fund Professor Gustav Cassel, the European monetary expert, said in "The Crisis in the World Monetary System" (Oxford, 1932): "In England a huge fund has been voted for what is described as 'the protection of the pound,' but nobody seems to have a clear conception even of the fundamental principles on which this fund is to be used." Thus two huge secret funds have been abstracted from the public Treasuries of Britain and America for unexplained financial manipulations.

The remarkable number of Jews appointed by President Roosevelt to key positions under his New Deal policies has been the subject of comment in many quarters in the United States. In an Edmondson bulletin (1/6/35) a list is given on 65 persons who are described as the "Jewish-Radical" Personal Government of Mr. Roosevelt. This list does not distinguish between Jew and Gentile, though the majority of persons listed appear by their names to be Jews. In "The Underlying Causes of Our National Depression" (1934) by E. H. Peterson, the following is quoted from the "Jewish Examiner" for October, 1933: "The Roosevelt administration . . . has selected more Jews to fill influential positions than any previous administration in American history. In shaping the policies of the 'New Deal' Jews are being accorded an unparalleled opportunity of serving their country in its hour of need . . . Judge Rosenman (of the Supreme Court of New York) owns a photograph of Assistant Secretary of State Raymond Moley, which is inscribed 'To Sam Rosenman, Founder and Head of the Brain Trust.' The inscription aptly summarized Rosenman's services to Roosevelt because the now famous 'Brain Trust' came into being during Roosevelt's years as Governor of New York. Even now Judge Rosenman is frequently called to Washington to consult with the President. Rosenman was not the only Jewish adviser of Mr. Roosevelt when he was in Albany. Henry Morgenthau, Jr., when he served as State Conservation Commissioner, was constantly called in by Governor Roosevelt for service and help during the Presidential campaign. . . Another pre-election associate of Roosevelt was Jesse I. Straus, now ambassador to France. It was Mr. Straus who led the way to organizing the business men of the country behind Roosevelt's candidacy for President." The writer then went on to list 25 other Jews in key positions in the Roosevelt regime, and remarked that "the synagogue has joined in urging Jewry to stand behind the President's program."

Mr. Peterson in referring to Mr. Donald R. Richberg (Jew), who was appointed general counsel for the National Recovery Act, described him as having been "counsel for the red element in the railroad brotherhoods and noted for his extreme and violent statements." An excerpt was given from the "Chicago Examiner" (11/31/34), in which Mr. Richberg was quoted as saying: "The long discussed revolution is actually under way in the United States." Dr. Leo Wolman (Jew), appointed chairman of Labour Advisory Board, was noted by Mr. Peterson as having been a lecturer at the "red and disloyal Rand School of so-called Social Science," while Miss Rose Schneiderman (Jewess) appointed a member of the board, was described as "nick-named the 'Red Rose of Anarchy,' with a record as red as the name indicates." Many pages might be filled with quotations from various sources alleging similar leanings on the part of innumerable other Roosevelt appointees.

In the Cabinet, one finds Jewish international finance strongly represented in the Treasury in the person of Mr. Morgenthau, with Mr. James Warburg, for some time as his assistant, though Mr. Warburg along with numerous other Jews is now stated to have turned against the Roosevelt administration, and it is stated in some quarters that Jewish support may swing over to the Republican side again.

Mr. Harold L. Ickes, Secretary of the Interior, is stated by Mr. Peterson and other writers to have been a financial contributor to the Chicago Civil Liberties Committee, a branch of the American Civil Liberties Union, and generally to have participated in this organization.

Miss Frances Perkins (Mrs. Paul C. Wilson), Secretary for Labour, was criticized in Congress by Mr. McFadden on June 15, 1933, in connection with the current movement to allow German Jewish immigration into the United States. "That," said Mr. McFadden, "is why Miss Perkins has been put in charge of the Department of Labour. She is there to lower the immigration bars. It is thought that, being a woman, she may disarm criticism. She is an old hand with the international Jewish bankers. If she were not, she would not be here in a Jewish-controlled administration." Colonel E. N. Sanctuary in his book "Are These Things So?" (1934: 165 Fifth Avenue, New York) notes that Miss Perkins in 1932 was present at a memorial meeting in New York on

March 16, 1932, for Mrs. Florence Kelly (Wischnewetzky), and paid a tribute to the memory of this lady, who was closely in touch with Marx and Engels, and under Engels' supervision translated his chief economic book into English, later corresponding with Engels regarding Socialist tactics for America, and carrying on Socialist propaganda among college women.

The following appeared in the James True Industrial Control Report (National Press Building, Washington) for December 21, 1935: "A strong rumour persists here that Tugwell, Ickes and Hopkins all have Semitic blood. Their activities and beliefs show them to be converts . . . The 'Who's Who' biography of Secretary of State Cordell Hull states that he married Rose Frances Whitney in 1917. Friends of the family say the real name of Hull's wife was Rose Witz. They say she is a Jewess, the sister of Julius Witz, a wealthy Jew of Staunton, Va."

7. CURIOUS HAPPENINGS IN CONGRESS

The extent of Jewish influences in Congress itself is indicated by the curious appointment by the House of Representatives of a Russian-born Jew, Mr. Samuel Dickstein, as chairman of its Immigration Committee. The United States immigration laws were greatly tightened up following on the enormous influx of aliens from Europe at the end of the war. This influx was largely Jewish. According to Israel Cohen's "Jewish Life in Modern Times" (Methuen, 1929) there were 986,000 Jews in North and South America in 1897, and 4,640,748 in 1928. Of this latter number 4,228,029 were in the United States, and 1,764,000 concentrated in New York City alone, constituting 29.16 per cent. of the population of the American metropolis. To-day it is frequently stated in America that New York is nearly half Jewish. It is quite safe to assume that the actual percentage of Jews is considerably greater than any statistics reveal, as these only deal with persons affirming belief in the Jewish religion, and take no count of Jewish blood, nor of crypto-Jews whose Jewishness is concealed for business and other reasons by adoption of non-Jewish names. Mr. Cohen gave the Jewish world total in 1928 as 15,218,724, equal to one Jew in every 120 human beings, but it is believed to be

actually a good deal higher. The shift of Jewish population from Europe to America is one of the most significant events in recent history. The actual transportation of the emigrant traffic was effected largely by vessels of the Jew-controlled Hamburg-America and North German Lloyd lines (vide article on Ballin in F. W. Wile's "Men Around the Kaiser"). Large finance was provided by the Jewish Colonization Association, founded by Baron Hirsch in 1891, and endowed by him with about £11,000,000 in all, and later controlled and greatly expanded by Jacob H. Schiff in association with Sir Ernest Cassel (vide Francois Coty in the Paris "Figaro," 16/4/32).

In protesting against a Roosevelt Immigration Bill in Congress on June 15, 1934, Mr. McFadden declared that it would in effect nullify the existing law in various ways by leaving much that had been mandatory to the option of the Secretary of Labour, both with respect to the admission and deportation of aliens. Mr. Dickstein interjected that no deportation section was repealed, but Mr. McFadden contended the whole effect was greatly to weaken the law. He pointed out that on March 18, 1934, Mr. Dickstein in a radio address had deplored the fact that German Jews were debarred from being received into the United States and had said "therefore we Americans must change our law to make it possible for them to come here at once." Mr. McFadden further affirmed that Mr. Dickstein's efforts were supported "by a national, if not an international, movement which is participated in by practically all the Jewish organizations in the United States, which organizations are tied in with a world-wide organization to move Jews out of Germany, not only into the United States but to Palestine and other countries. This organization," he continued, "was created under the auspices of the League of Nations, and its head is James G. McDonald, formerly president of the Foreign Policy Association of New York, who is now actively engaged in finding a domicile for German Jews. These efforts are tied in with the organization known as the 'International Boycott on German Goods,' the head of which is Mr. Samuel Untermyer of New York—a retaliatory method of protest aimed at the present German Government, which boycott, if it fulfilled its purpose, would destroy the present German Government. Another movement closely associated in this enterprise is that of the National Conference of Jews and

Christians of 289 Fourth Avenue, New York, co-chairmen of which are Hon. Newton D. Baker, Prof. Carlton J. Hayes, and Mr. Roger W. Straus. This is a national organization instigated by the international Jews in the United States having for its purpose the uniting of Gentiles, Catholics, and Jews in protection of the movements that are now being organized throughout the United States in support of the Jewish plan; whatever that may be." The amendment to the immigration law Mr. McFadden affirmed to be an integral part of the whole scheme. In September, 1935, Mr. Dickstein sailed on a tour to Europe to look into the possibility of bringing several thousand Jewish families from Europe (vide "Revealer," 15/10/35).

In March, 1934, a Congressional committee, generally known as the Dickstein Committee, was set up to investigate (1) Nazi propaganda and (1) subversive propaganda in the United States, Mr. McCormack being chairman and Mr. Dickstein vice-chairman. In its report in February, 1935, it was noticeable that the committee took occasion to investigate the American Vigilante Intelligence Federation, conducted by Mr. Harry A. Jung, Chicago, which has long been directing attention to Jewish Communistic activities. The committee reported that this organization had "published and circulated great masses of literature tending to incite racial and religious intolerance." It and kindred bodies were declared to be "unworthy of support and created and operated for the financial welfare of those who guide them and who do not hesitate to stoop to racial and religious intolerance to achieve their selfish purposes." Further, this activity the committee reported to be "distinctly and dangerously un-American." With respect to Communist activity the committee reported: "This committee does not believe that the Communist movement in this country is sufficiently strong numerically nor in influence to constitute a danger to American institutions at the present time" (74th Congress, 1st Session, H. R. Report No. 153). In the "Defender" for September, 1935, it was noted that Mr. Dickstein had introduced a bill into Congress which if enacted would close the mails to publications "tending to promote hostility" toward any "racial or religious group." As we shall see in a later volume, efforts have been under way in many lands to prevent the publication of matter criticizing Jewish activities, and in numbers of cases prohibitive legislation has already been

enacted. Some Jewish newspapers and organizations are urging that such laws should be passed in all countries of the world.

A further interesting fact worth recording is the view taken in some quarters in the United States of legislation to prevent citizens from possessing firearms. This matter is of interest to New Zealanders in view of the restrictive legislation enacted in this country some years ago. In the "Revealer" of May 15, 1935, it was stated that large purchases of pistols had been made all over the United States "for homes, offices and places of business in fear of an impending revolution." In a James True Industrial Control Report (7/12/35) the following appeared: "During his last year as N. Y. Governor, Roosevelt vetoed a repeal of the Sullivan law, which deprives law-abiding citizens of protection without decreasing in the slightest the gun-toting of criminals. For eighteen years communists in all countries, and especially in the United States, have promoted laws to, first, declare the possession of a hand-gun a felony, or, second (in case of failure of the first), to have all pistols and revolvers licensed and registered so that they may be readily confiscated. Recently, Attorney-General Cummings announced that he would continue to give aid and comfort to our communist enemies by urging Congress to pass a national 'Sullivan law.' Probably such a law would have been railroaded through the last session of Congress if it had not been for the splendid opposition of the officials of the National Rifle Association. Now the association is notifying sportsmen of the coming fight over subversive gun legislation. What it means to Americans is realized when we face the fact that success of the communist Russian Revolution would have been impossible if Russian citizens had not been deprived of their arms."

8. "THE KERENSKY OF THIS REVOLUTION"

Sufficient has been assembled above to give the reader a glimpse of the remarkable happenings in the United States under the Roosevelt regime. Ex-President Hoover's criticism of the New Deal has been that it is destructive of human liberty and is placing the United States in a strait-jacket. To a very considerable extent it is Jewish hands which have been busy in tying on that strait-jacket. During his own Presidency, Mr. Hoover appeared to be very much in the

hands of similar forces influencing his policy, and it is interesting to note that one of his secretaries at that time, Mr. Theodore G. Joslin, in articles in the "Red Book" entitled "Hoover off the Record" (vide "Defender," September, 1934) reports Mr. Hoover as making the cryptic remark: "Fighting this depression is becoming more and more like waging a war. We have the combats against an unseen foe of inestimable strength." It is curious to find that even the British Socialist author, Mr. H. G. Wells, has remarked "an ideological connection between Washington and Moscow" (vide "Patriot," 25/10/34). As to whither the Roosevelt policies are leading, with their conflicts with the United States Constitution and with the whole economic organization of the country, one can only speculate.

Early in 1934 considerable stir was made in the United States by the publication of allegations by Dr. William A. Wirt, superintendent of schools in Gary, Indiana, that the object of the Brain Trust was nothing less than the overthrow of the whole existing order. Dr. Wirt embodied his charges in a letter to Mr. James H. Rand, chairman of the Committee of the Nation in New York, and following on publication of this letter, he was requested to appear before a Congressional Committee, which he duly did on April 10, 1934. Ex-Senator James A. Reed, one of the country's leading Democrats, accompanied Dr. Wirt, and being a lawyer, asked leave to appear as his counsel at the inquiry. This was refused, Mr. Reed remarking that he had sat in many such Congressional inquiries and had not known a similar request ever to be refused before.

Dr. Wirt's principal disclosure had to do with a dinner party which he had attended at a Virginia home near Washington, the guests being mainly disciples of Professor Tugwell and Mr. Wallace, Secretary of Agriculture, and being employed in different departments of the New Deal. He affirmed that:

"(1) Brain Trusters said in his presence that they planned to destroy the present form of government;

"(2) By thwarting recovery they could promote economic changes that would convince the people that the central government should take over everything;

"(3) By having the people borrow money from the government, Uncle Sam would later have to assume control of business and property when payments could not be met;

"(4) A statement had been made to him by Brain Trusters that 'we believe we have Mr. Roosevelt in the middle of a swift stream,' and 'we all think he is only the Kerensky of this revolution' and can be supplanted by a Stalin;

"(5) The power of influencing the people by propaganda is being used as a science as in the war days;

"(6) The press would have to 'beg for mercy' by threats of censorship;

"(7) The Government loans were to be used for the purpose of keeping schools and colleges 'in line';

"(8) Money given to farmers as 'doles' would keep them quiet until the job could be finished."

The utmost effort was made by New Deal supporters on the Committee to discredit Dr. Wirt at the hearings, but the "Revealer" (15/4/34) stated that, in the opinion of his supporters present at the investigation, Dr. Wirt was held to have substantiated his charges. As to whether the course of events in the United States is destined to go in the direction indicated is for the future to reveal.

From this picture of the forces behind the programme of national regimentation, known as the Roosevelt New Deal, now in progress in America, it is instructive to turn to the curiously similar proceedings in Britain presented under the name of Planned Economy, and once again exhibiting the peculiar genius of the Jewish race.

Chapter VI

BRITAIN'S MOSES POINTS THE WAY

1. MONEY CONJURERS IN COMMAND

WHEN the World War ended on November 11, 1918, Great Britain was prosperous: her people were fully employed, industry was flourishing, and wages were good. These conditions continued throughout 1919 and most of 1920. A great industrial crisis then supervened, with unemployment on an unprecedented scale; wages fell, profits vanished, and company reconstructions, bankruptcies and suicides rose alarmingly in number. This vast change followed on the election of Mr. Montagu Norman to the Governorship of the Bank of England and the inauguration by him of a policy of currency and credit contraction. This policy had been recommended by a Treasury Committee set up by the Government in November, 1917, which committee, generally known as the Cunliffe Committee, reported in August, 1918, and made a further final report in November, 1919. The committee was presided over by Lord Cunliffe, then Governor of the Bank of England, and partner in the Jewish bank of Goschens and Cunliffe. Its membership comprised eleven bankers, two Treasury officials, and a professor of political economy.

The principal recommendation of the Cunliffe Committee was that after the war preparations for a return to the gold standard should be made, and the volume of currency and credit reduced to fit in with an average gold reserve in the Bank of England of £150,000,000. When Britain went to war in 1913 there was about £200,000,000 of legal tender money in the country, and the National Debt stood at about £650,000,000. On March 31, 1919, the National Debt stood at £7,434,000,000, an increase of not far short of seven thousand

million pounds. The loans of money making up this huge amount were obviously not loans of money of the realm, that is to say, of golden sovereigns, for the amount loaned did not exist. They were advances of bank credit made by the banks to their customers to enable them to take up war bonds, the banks holding the bonds as security for the advances, and the customers finding a small percentage of the cost in cash. The money lent had thus no tangible existence whatsoever, and was simply imagined to exist for the purpose of being loaned at interest. It was paper money created out of nothing by the banks. It might equally well have been created interest-free by the State. As a result of these proceedings the purchasing power of a pound note fell by 1920 to about 8/- as compared with its pre-war purchasing power of 20/-.

The recommendation of the Cunliffe Committee was for "the maintenance of a complete and effective gold standard." In plain language this simply meant that the enormous debt incurred in 8/- and 10/- pounds should be paid back in 20/- pounds. The nation was saddled with a debt more than ten times that existing in pre-war days, in nominal value; but in actual value, in consequence of the depreciation in the purchasing power of the pound, about five times the pre-war debt. This committee recommended that the load on the backs of the people should be doubled by a restoration of the pound to the value it had possessed before the banks had lowered its value by lending thousands of millions of imaginary money.

To realise the enormous fraud which was perpetrated by this juggling with money it is sufficient to take one example. An important item in munitions manufacture was copper. A great deal of this was purchased from the United States. In a publication at hand it is stated that the average price for copper in the United States during the ten years preceding the war was 16 2-3 cents per pound: the war price was 27 cents per pound. Commodities bought with 8/- and 10/- pounds at war-time prices of this sort were lumped in the huge bill tied round the nation's neck to be paid off in 20/- pounds. In the words of Mr. Reginald McKenna in his annual address as chairman of the Midland Bank at this time, the whole proceeding was "repugnant to every principle of equity and economic propriety."

More will be said in a later volume as to the peculiar constitution of the Bank of England fathering these morally

indefensible proceedings. It is sufficient at the moment to point out that it is a private corporation in which foreigners can hold shares and its share list is not open to public inspection. For practical purpose this institution to-day controlling the currency of Britain is in effect a secret society. Mr. Montagu Norman, who became Governor of the bank in 1920 was a former partner in the banking house of Brown, Shipley and Company, the London end of Brown Brothers and Company, international bankers, New York. He had been trained in banking partly in the United States. He resigned his partnership on becoming Deputy Governor of the Bank of England in 1915.

The information at hand does not disclose the affiliations of Brown, Shipley and Company or of Brown Brothers and Company during Mr. Norman's partnership, but it is worth noting that the latter firm a few years ago became Brown Brothers, Harriman and Company, Mr. E. R. Harriman having joined it. Mr. Harriman is a son of the late E. H. Harriman, the American railway trust magnate who was estimated to control 60,000 miles of United States railways, his operations being conducted in alliance with Kuhn, Loeb and Company, New York, for whom he was virtually a sort of department manager. The "Encyclopædia Britannica" says of him: "Harriman's methods excited the bitterest condemnation culminating in a severe denunciation from President Roosevelt in 1907."

The proposed deflation of the British currency was denounced in a series of striking articles by Mr. Arthur Kitson published monthly in the London "Times" trade supplement from May to October, 1918. Mr. Kitson pointed out that periods of currency deflation had always been accompanied by the greatest distress and misery to the people, notably after the Napoleonic Wars and the American Civil War. In concluding his final article he said: ". . . The nation should be on its guard to see that the war debt is not enhanced by some jugglery with our legal tender after war. . . . The method is so insidious and can be accomplished so easily that the public may be cheated before they are aware of it. The war debt has been incurred in cheap pounds, and honest dealing requires repayment in pounds and commodities of the same value as when the debt was incurred. To raise the value of money after the war is an old trick of the world's financiers. . . . At all costs a repetition of such

jugglery should be prevented." This warning fell on deaf ears. The thing was done. And the results were exactly as predicted, and exactly as occurred in Britain after the Napoleonic Wars when a paper-money debt was made repayable in gold.

When Mr. Montagu Norman began these proceedings in 1920 no more than 2.4 per cent. of Britain's workers were unemployed, as compared with 3.3 per cent. in 1914. By May, 1921, after the deflationary money policy had taken effect, no less than 23 per cent. of the workers were unemployed, the average number of unemployed throughout that year being 1,900,000 persons. In three years from December, 1920, to December, 1923, wages fell by 40 per cent. According to figures presented by Professor Henry Clay in evidence before the Macmillan Committee in 1930, the percentage of workers unemployed in Britain in the fifty years before the war averaged $4\frac{1}{2}$ per cent., and only in one year was it higher than 10 per cent. From 1921 to 1929 the average percentage unemployed was 12 per cent., and in only one year was it below 10 per cent. The later figures for the period from 1929 to 1934 show an average percentage of 19.2 unemployed during those years. The human wreckage of the Bank of England policy of deflation had been even greater and more colossal than Mr. Kitson had predicted at the time it was first publicly mooted in 1918. At the same time the back of industry was broken by crushing taxation to pay interest on the enormous war debt. In 1913-14 national taxation in Britain was £3/12/2 per head: in 1929 it was £15/2/-. In Germany the rise was only from £3/5/6 to £6/10/- over the same period. Britain was twice as heavily taxed as the next heaviest taxed country in the world. The nation was being bled to death by the monetary policies pursued.

One result of this policy on the industrial side was that holdings of war loan which had been taken up by the industrialists passed from them to the banks in return for accommodation during the long depression, and the British National Debt to-day is almost entirely owing by the nation to the banks and financial institutions. Having created money of low purchasing power for the purpose of lending to the State, the banks are now drawing interest on these loans in money of high purchasing power. Had it been desired to destroy the British Empire it would have been difficult to imagine a more potent means of so doing. It is only the

inherent racial qualities of the people that have brought them through their ordeal with their national organization still intact, albeit insidiously undermined.

With their holdings of War Bonds and other reserves absorbed, industrial concerns throughout the country were plunged into difficulties as the depression progressed. These difficulties, according to evidence presented to the Macmillan Committee by various industrial organizations, were much increased in the case of small concerns by the change that had come over British banking. During and immediately after the war enormous bank amalgamations were effected, and five colossal banking combines with centralized administration came to control the economic life of the country. A considerable amount of evidence was presented to the effect that the local branch managers of these great combines had little discretionary power, and that the general tendency was for big concerns to be wet-nursed by the banks, while small traders and manufacturers were starved of funds. The depression had also resulted in the wholesale reconstruction and amalgamation of businesses under financial pressure, the original shareholders coming out in many cases with little or nothing, and the small independent business had steadily gone to the wall.

2. SMALL BUSINESSES BUTCHERED.

The great difficulty in the way of obtaining capital for small concerns was dwelt upon at length by Mr. E. L. Payton in giving evidence to the Macmillan Committee, on behalf of the National Union of Manufacturers on February 27, 1930. He stated that while temporary money could be obtained from the banks, it was extraordinarily difficult for businesses wanting, say, up to £250,000 for a longer period to find any way of getting it. If they went to the provincial financial houses nothing under half a million was considered worth touching: if they went to the London financial houses it was useless to talk of anything under a million.

"I think," said Mr. Payton, "if you analyse how industry has to get money, you frequently find that one is ultimately compelled to go to a man whom we will describe as a company promoter. He looks at your proposition, he examines it, and then he proceeds to have every asset valued at the highest

possible value that can be put on it. They do the same to the plant; they practically write back again all the depreciation which has been carefully written off. Then they add something for goodwill. Then they say, 'We will go to the public and get the money for you;' and by the time they have finished they leave you with your business with very little extra money. They have taken out a big profit for themselves, and the cost of the operation will take up several years of good profits. . . You are left with an over-capitalized business, which increases the cost of production to your customers."

After listening to Mr. Payton, one member of the committee, Mr. R. H. Brand said: "I confess I do not know of any small institution to which an industry could go." Another member, Mr. Reginald McKenna, chairman of the Midland Bank, added: "I do not think there is such an institution."

Further evidence as to the starving of small individual traders was given by Sir William Perring, president of the National Chamber of Trade, an organization representing some 360 local Chambers of Trade. Sir William Perring was formerly mayor of Paddington, an ex-member of Parliament, and head of a large furnishing business and also of a bedstead manufacturing company. In the memorandum put in by the National Chamber of Trade it was stated that the banks in recent years had shown marked difference in their attitude towards legitimate industrial and commercial enterprise, particularly as represented by the individual trader, the smaller firms, and local industries in provincial centres, and their attitude towards the speculative side of finance, evidenced by bank association with large flotations of doubtful character in which the money of small speculators had been lost. [Mention was made in evidence of bank connection with great frauds of the Jew Hatry in 1929.] The memorandum proceeded:

"The development during the last 20 years of large manufacturing units, as against the old system of a large number of small units, has, in our judgment, not fulfilled the expectations which were held as to the general advantage that would ensue from the anticipated reduction of productive costs. There appears to have been a disposition in banking and financial circles to assist and encourage the policy of merger in an increasing degree, which has the effect of weakening the support given to smaller undertakings, and in our view

that policy has contributed towards the difficulties which have been, and are being, experienced by the comparatively small units in production." It was further pointed out that if the mergers did not result in lower costs the distributors were driven to buy in foreign markets and this added to unemployment; and, moreover, the system of credit-trading and hire-purchase required financial resources beyond the means of the small traders, and played into the hands of the big combines with the banks behind them.

Sir William Perring in giving evidence said that so far as his personal business experience went, the policy of merging and amalgamating had not reduced costs. The wholesale price index showed prices in 1930 as only 30 per cent. above pre-war, but that was not his experience in the furnishing trade, and certainly not in the lines controlled by combines and mergers. Linoleum was not 30 per cent. above pre-war: it was 100 per cent. above, and it was sold at a fixed price by all the makers. It was the same with carpets, pottery, pianos, wringing machines and general furnishing—100 per cent. up. The idea that the salvation of depressed industries lay in merging and amalgamating was not right. It was his contention that ten units, each managed independently by people who thoroughly understood their business, would do better for the public than if they were amalgamated by the banks. Ten independent units, say, ten cotton mills, or ten wool mills, each specializing in a branch of their industry in which they were expert—and they all knew to-day that it was necessary to specialize to succeed—would do better if each carried on independently, wrote its capital down, and got down to minute details of organization, than if the ten were lumped into one and run by financiers not getting so close down to control. It was his opinion that with financier-control there was danger of not producing so cheaply. The railways had been amalgamated more than anything else, and his experience was that their charges on freight were 100 per cent. above pre-war and not the same consideration was given.

The banks, continued the witness, did not treat the small man with the same consideration as in bygone years. The history of industry in Britain had been one of growth from small beginnings, but it had become much more difficult in consequence of the change in banking policy for a man with brains and organizing ability to start as a master man. The banks were not so anxious for custom as when there were

more of them and when there was competition among them. On members of committee questioning this view, the witness said: "In each provincial town which you go in to-day, if you walk up the main street you will see five businesses out of six are multiple shops or chain shops. That is the position in the main street. They have been secured at fabulous rents and premiums, and so on. I am speaking of what I know, and I am convinced I am right. The banks handle the money of these multiple shops; but the manager of a multiple shop does not settle which bank he shall go to—that is settled in London or Manchester—he is not free. . . Taking the multiple shops controlled by big combines of £1,000,000, £2,000,000, £3,000,000 or £5,000,000 of capital, those combines are able to get their capital in various ways . . . But the small man cannot get it. That is what our members say, and I am here to interpret what our members say. They cannot get the assistance their forbears got. . . I think the banks would be better advised to preserve in the provincial cities a larger percentage of the small men, because the cities cannot go on as self-contained units if they are all going to be controlled by multiple shops. . . It is an advantage to have a large number of people who both live and earn and spend their money in the provincial cities. . . a man is handicapped against a large combine like Burtons the tailors [a Jewish concern], with £4,000,000 capital, who are opening up shops in every town and city. The small man is being squeezed out, and I think ultimately it will be to the detriment of our people as a nation."

3. SOMETHING ABOUT RATIONALIZATION

The views advanced by Sir William Perring on behalf of the 360 Chambers of Trade he represented were not the views of the financiers who appeared before the committee. As we all know, much has been heard of recent years of "rationalization." The "Oxford English Dictionary" dates the first appearance of this word to the year 1928. According to the "Encyclopædia Britannica" the idea was apparently imported from Germany, in which country industry has long been tied hand and foot to the great Jewish banks. At the World Economic Conference of 1927 there was talk of the "rational organization of production and distribution" by the "bringing of the whole of an industry under intelligent

direction and administration." A leader in this movement in Britain was a Jew, the late Sir Alfred Mond (first Lord Melchett), head of the great combine of Imperial Chemical Industries, controlling the chemical resources of the British Empire. Sir Alfred Mond in 1927 sought the support of the trade unions in the project of building colossal combines in Britain. He brought the General Council of the Trades Union Congress to the view that "while rationalization can never prove an alternative to nationalization, the movement was prepared to welcome such changes in the organization of industry during the period of private ownership as would lead to improvements in the efficiency of industry and to the raising of the standards of living of the people." In other words, from a Socialistic standpoint, rationalization was regarded as a halfway house to nationalization. The Socialist and the financier were thus more or less standing together in the matter.

Rationalization, in point of fact, is nothing but another name for the old familiars, trusts, combines and monopolies, formerly regarded as thoroughly vicious things in industry and to be fought at all costs by a people who wished to preserve anything in the way of independence and liberty. It is worth noting that Mr. J. W. Beaumont Pease, chairman of Lloyds Bank, in giving evidence before the Macmillan Committee, said: "Of course, the whole question of amalgamation affords a certain amount of ironical amusement to bankers, because as the wheel comes round what used to be considered a danger, a step in the direction of monopolies, and so on, is in other industries now held out very much as one of the means of salvation." Crushed financially by the Bank of England policy of deflation—that is to say, of increasing the value of money and the burden of debt, and reducing wages and the prices of goods—British industry in desperation was ready to clutch at any straw. The process of so-called rationalization which has been pursued in Britain has not been a voluntary association of free men for mutual benefit by concerted co-operative effort. It has been a policy imposed on industry by the same financiers whose operations had first wrecked industry and brought it to a state of submission.

Among the first moves by the Bank of England, according to the evidence given to the Macmillan Committee, was the establishment of an Agricultural Mortgage Corporation. In

the creation of this Sir Otto Niemeyer took a leading part and became a director of it, the chairman being Sir W. H. N. Goschen, chairman of the National Provincial Bank. The corporation was stated to have been created at the request of the Government to assist agriculture. It set up an organization financed by the Bank of England and the big banks, which would be in a position through the slump to put pressure on farmers to fall in with marketing schemes and other processes of regimentation. It is interesting to note that at the beginning of 1936 it was recorded in various publications that an International Agricultural Mortgage Credit Company had been set up by the Bank for International Settlements in Switzerland. In New Zealand following on a visit by Sir Otto Niemeyer, Parliament, as recorded in Chapter I, established a Central Bank and then a Mortgage Corporation. It was left open to foreign companies to acquire shares in the latter: it was provided also that the Central Bank might affiliate with the Bank for International Settlements. In the circumstances it seems reasonable to assume that connection between the New Zealand Mortgage Corporation and the international concern in Switzerland was contemplated. What these developments portend to the world's agriculturists the future will reveal. There is nothing to indicate that they are designed to secure the freedom and independence of the farmers of those countries over which these institutions are able to spread their tentacles.

Evidence with respect to Bank of England activity in the rationalization of industry was tendered to the Macmillan Committee by Mr. Montagu Norman, Governor of the bank; Sir Ernest Harvey, Deputy Governor; Sir Otto Niemeyer, former Controller of the Treasury, officer of the Bank of England, member of the Financial Committee of the League of Nations, director of various foreign banks including the Bank of Egypt, director of Vickers-Armstrong, and director of the Agricultural Mortgage Corporation; and also by Sir Guy Granet, senior partner in the international banking house of Higginson and Company, and chairman of the Bankers' Industrial Development Company set up by the Bank of England for rationalizing British industry. Sir Guy Granet's firm is the London end of Lee Higginson and Company, Boston, a 1931 directory showing Mr. Francis L. Higginson of Boston as a partner. In Congress on June 14, 1933, Mr. L. T. McFadden referred to "Lee Higginson and

Company, promoters of Swedish Match"—the Ivar Kreuger concern of notorious memory.

The first organization formed by the Bank of England for industrial control was the Securities Management Trust. Its origin was surrounded by sufficient mystery for Mr. McKenna to ask Sir Ernest Harvey, "Would it be correct to say the existence of this company has been a matter of secrecy?" This was denied, Sir Ednest Harvey quoting an extract from a paper a few days before (he was speaking on December 14, 1929) which referred to the existence of the trust, which extract, however, vaguely described it as an "industrial council." Sir Ernest, on being asked the date of registration of the Trust, said, "I do not suppose it would be more than a month or two ago." This would make the date of foundation coincide with the precipitation of the world slump by the United States Federal Reserve operations at the end of October, 1929. Sir Guy Granet in giving evidence on February 18, 1931, said the Trust was formed "about two years ago"; but Mr. Montagu Norman at once interjected: "In the latter part of 1929." Industrial stocks and shares were smashed in value by the world slump, and the significant fact was thus established that almost at the very moment the slump was inaugurated, the Bank of England began operating machinery to acquire possession of the ruined industries and to form them into giant combines.

Sir Ernest Harvey explained that the first action of the Bank to "assist industry" had been to amalgamate Armstrong-Whitworth's with Vickers-Maxim. Then the Agricultural Mortgage Corporation was formed, and after that the case of the Lancashire Cotton Corporation was taken up, and another case the bank went into was Beardmore's. Asked as to the measure of control retained by the Bank of England over industries amalgamated by it, Sir Ernest Harvey said:

" . . . We claim the right to assure ourselves that those who are to be in charge of the industry are qualified, that the technical people are really qualified from the technical point of view, that there are representatives of accountancy who can really keep a proper watch, and control and give advice on the side of accounts, that there are financial advisers who can be relied upon from the point of view of finance. In that way we do claim a right to a certain amount of control, but only so long as we have our own money there. or money put there at our instigation, or on our invitation."

The measure of Bank of England control over rationalized industries would thus appear to be remarkably extensive.

Mr. Montagu Norman on his first appearance before the committee, on March 26, 1930, explained that he had been devoting attention to "an attempted study of industry, mainly the heavy basic industries of this country." He was of opinion that "the salvation of industry in this country, without which commerce and finance cannot long continue, lies in the process of rationalization . . . and that is to be achieved by the unity or unification, or marriage, of finance and industry." Mr. Norman did not enlarge on the fact that the first step in these proceedings was to starve and coerce the bride into submission—a proceeding more accurately described as rape than marriage.

Lord Macmillan asked whether the fact that these unusual remedies were required was not indicative of something abnormal on the financial side. No, said Mr. Norman, "I think it is not our financial system which is the cause of our difficulties." This was the universal view of all the Bank of England witnesses: nothing was wrong with the money system: national bankruptcy had nothing to do with the fact that the means of payment had been restricted by deliberate Bank of England policy.

Mr. Norman proceeded to explain that he had formed a small company, the Securities Management Trust, as a stepping stone, and was about to form a larger one "which will unite the City as a whole in showing a willingness for the time being and over a certain period of years to assist industry towards the goal of rationalization." What he had in mind was not just to amalgamate companies, but to take charge of "industries practically as a whole."

On reappearing before the Committee on February 18, 1931, in company with Sir Guy Granet, Mr. Norman was able to give information about his second company. It was called the Bankers' Industrial Development Company, and the money for it had been put up by the Bank of England and "practically all the deposit banks and merchant bankers and finance houses of the country." The concern was a private company with a capital of £6,000,000. It did not itself finance industry, but secured the necessary finance from elsewhere. The board consisted of Mr. Norman, Baron Schroeder, of the international Jewish banking house of J. H. Henry Schroeder and Company; Mr. Peacock of Barings, who in former years

were London agents for the Jewish bank of Kuhn, Loeb (vide "Fascist," May, 1935); Mr. Wagg, of Helbert Wagg, Jewish bankers; Mr. Bruce Gardner, managing director of the Bank of England Securities Management Trust; and Sir Guy Granet, of Higginson and Company, London end of Lee Higginson and Company of the inner ring of the United States Money Trust (vide Pujo Commission report U.S.A. 1913).

Sir Guy Granet explained that officially according to its memorandum of association, the object of the Bankers' Industrial Company was to arrange schemes of reorganization "when brought forward from within the particular industry." "That," he explained, "is the theory." They were not supposed to initiate anything: but, "as a matter of fact one has to do a good deal of work by conversation and so on. . . In theory we cannot do anything except receive something which is submitted to us." Tact was obviously needed. "It would be a dreadful thing," said Sir Guy, "if industry thought that here was a body of bankers who were going to tell industry how they ought to be organized: that would at once get their bristles up."

One gathered from other evidence before the committee that quite a lot could be done in promoting combines by judicious conversation. Asked as to the position of the banks with respect to, say, the steel industry, Sir W. H. N. Goschen, chairman of the National Provincial Bank, had stated: "They are very much in the hands of the banks in this respect, that the banks are able to put them in liquidation if necessary." Lord Macmillan asked: "The power behind your advice is 'If you do not take that course we shall cut off your supplies'?" Sir W. H. N. Goschen replied: "Yes."

Sir Guy Granet explained that one reason for forming the B.I.C. was to float schemes that an ordinary issuing house could not get off unaided. From the evidence it appeared that the method was for the B.I.C. to arrange an amalgamation scheme, and it was then put out through the issuing houses. Mr. J. M. Keynes remarked that "most of the issuing houses are also accepting houses." These are the concerns through which international bills of exchange pass for endorsement, or "acceptance," as it is termed, and they make the big loan and other flotations. In earlier evidence, Sir Robert M. Kindersley, director of Lazard Brothers and Company, had explained the origin and activities of the

acceptance houses. They all began as merchants trading with foreign countries, and, added Sir Robert: "A great many of them, most of them, I think one may say, are of foreign origin. If you take the names Goschen, Hambro, Kleinwort, and Lazard and Brandt, you can go through the whole list of them, and I think you will find a very large number, the majority, are people of foreign origin. . . It is only the origin . . . Some people might think they are still very largely perhaps under foreign influence, which, of course, is not correct." His own firm, he asserted, was under English control, but had affiliations with Lazard Freres of New York, Lazard Freres of Paris, Lazard Brothers of Spain, and Lazard branches in Brussels and Antwerp. Asked by a member of the committee if it was not a fact that the majority of the capital of his firm was held by Lazards of Paris, Sir Robert replied that it was a minority. The committeeman said it must have altered a lot in the last eighteen months if that was so. Sir Robert said he could not give the exact proportions, but the majority was in England. In addition to being head of the Jewish firm of Lazard Brothers in London Sir Robert Kindersley is a director of the Bank of England and an influential member of the Investing Committee of the Financial Board of the Church of England (vide "Free Press, Jan., 1936, which states that much Church revenue comes from mining royalties). The acceptance houses and some thirty discount houses constitute the London short-term money market. They are mostly conducted by Jews, sometimes with Gentile fronts.

The clients of the acceptance houses were described by Sir Robert as "mostly foreigners," and the acceptance business, he explained, results in large foreign deposits being made in London to finance the acceptance bills, this foreign money being lent in the discount market or invested in Treasury Bills. It is this short-term money held on foreign account to which the London Chamber of Commerce Journal was referring when it said in its issue of December, 1933: "Private individuals or groups of individuals in a country can knock down the exchange value of their own currency by offering it for sale on the foreign exchange markets, and similarly can raise the exchange value of the currencies of other nations by buying them. At the present time there is some £2000 million of short term money, held in comparatively few hands, which is available for use in this way. Industry

and commerce have a right to ask what advantage they are supposed to derive from the operations of these money manipulators. . . These wrecking operations are described misleadingly as 'an export of capital,' or 'sending money abroad,' and also as 'a flight from the pound, dollar, etc.' " According to the Macmillan report about £1000 millions of this short term money was held in 1931 in London and New York.

4. FOREIGN OWNERS OF BRITISH PLANTS

The foregoing digression is made because of certain allegations that the rationalization of British industry as conducted by the Bank of England was resulting in the ownership of the industrial resources of Britain passing into foreign hands. Speaking before the Macmillan Committee on behalf of the National Union of Manufacturers, Mr. Edward Berkeley said: "It must be borne in mind that at the present moment a great deal of the finance going into the equipment of up-to-date industrial concerns is foreign capital. Are we going to permit our industrial concerns of this country, and, even more so, our imperial production of raw materials, to be controlled by foreign capital? If not, what are we prepared to do?" The same point was raised by Mr. J. T. Walton Newbold, a member of the committee, during the examination of Sir Otto Ernst Niemeyer. Speaking of the amalgamations, Mr. Newbold said: "There is one aspect of this on which I believe there is considerable feeling in industrial circles both on the side of the employers and on the side of the men. It is felt that such corporations as these, which would be largely expressive of the issuing houses, are bringing into industry . . . interests which are not exclusively or perhaps even primarily concerned with the development of British industry. . . The B.I.C. has a board which is essentially what one might call the board of the international issuing houses?"

Sir Otto Niemeyer's reply was: "I should say you want to distinguish between two things. As regards personnel, I think the people who direct obviously ought to be British. That I think is clear. As to the sources of the money I do not think that matters very much. I would not feel the least compunction about taking every sort of money that I could

get from whatever source." Sir Otto Niemeyer added that he thought it would meet the position if the shareholders in the corporations were British banks while the foreigners put their money in on debentures without control. Sir Otto did not go into the question of the extent to which the banks themselves might be under foreign influence. Nor was there any discussion of the fact that certain British industries, known to be definitely under foreign control, maintain in office for window-dressing purposes boards of directors impeccably British in origin. In any case nothing is more common in financial crises than for debenture-holders to take over ownership, leaving shareholders with nothing. Our New Zealand history affords a striking case in point, if one were needed, when in 1893 the great New Zealand Loan and Mercantile Agency Company (owned by the Bank of New Zealand) was taken over by its debenture-holders, the majority of the debentures being held by the international banking-house of J. Henry Schroeder and Company (vide "British Australasian," 10/5/94). Nearly all great combines are built up by taking possession of industries, etc., in this way, exactly as money-lenders on mortgage take possession of the land in a crisis. The distinction made by Sir Otto Ernst Niemeyer between shares and debentures as a means of preserving British ownership of British industry was wholly illusory.

There is the further disturbing fact that Mr. Montagu Norman, chief visible promoter of the whole process of building giant monopolies in Britain, is highly international in his outlook. Mr. Norman, for instance, told the committee that the two post-war things "to which over these years I have really devoted the greater part of my time" were, first, "the stabilization of the European countries which had lost what they had possessed before the war," and, secondly, the extension of central banking and the promoting of co-operation among the foreign central bankers—in other words the formation of a gigantic international money trust. The countries being wet-nursed by Mr. Norman at a time when British industry was being crushed by Bank of England monetary manipulation, were Britain's late enemies in the war. "It is a fact," says Mr. Norman's admiring biographer, Mr. Einzig (whose name does not sound particularly British), "that in chronological order he devoted his attention in the first place to the ex-enemy countries," but this was only

because these countries "were in more urgent need of support." They had been defeated in war by Britain and her allies, and Mr. Norman had in consequence to rush and help them. It is significant to find Mr. Norman's proceedings applauded by Lord Snowden, Labour Chancellor of the Exchequer, who in the darkest days of the war in 1917 called on the workers of Britain "to do for this country what the Russian Revolution has accomplished in Russia." (Leeds Conference manifesto. 23/5/17).

It is a notorious fact that an immense transfer of the ownership of industrial concerns from British to foreign hands has taken place in the years of stringency since the War. A great mass of detailed matter under this head was assembled by Mr. Ludwell Denny in his book "America Conquers Britain" (A. A. Knopf, London, 1930). "We were Britain's colony once. She will be our colony before she is done; not in name but in fact."—So wrote Mr. Denny, explaining that America would conquer Britain by owning it. The securities conveying title to British plants and factories may for a time have been in the hands of American citizens at large, but the world depression since 1930 has undoubtedly brought them back into the hands of the international financiers of Wall Street—men of no nationality. The writer has not the necessary information at hand to show the extent to which the rationalization of British industry has been conducted with foreign money. From the questions raised from time to time it would appear to be considerable.

The interesting fact emerges that this importation of foreign ownership is unnecessary. When Sir Guy Granet (international banker and Bank of England rationalization agent) was before the Macmillan Committee Mr. J. M. Keynes inquired how much money was required for rationalization purposes. Sir Guy Granet replied that in the steel industry "£10,000,000 could be spent right away profitably." He added that he had only gone closely into five or six industries. Mr. Keynes then said: "In anything like normal times we are saving something like £400,000,000 a year. The requirements of rationalization would inevitably be spread over a fairly long period... If the requirement of the steel industry is £10,000,000, £20,000,000, or £30,000,000, and the requirements of the others are on that sort of scale, it looks as though the most that would be required for rationalization in any one year would be a very small proportion of the annual savings

of the country?" Sir Guy Granet agreed that this was so. The question thus arises, Why should the ownership of British industry be allowed to pass into foreign hands?

One answer is that an entanglement of international obligations and debts in every direction gives enormous power to the international financiers, and makes the money-power doubly master. Any attempt by a nation to set its house in order in such circumstances immediately raises international questions, and becomes an interference with contracts made with the citizens of a foreign state. With the Press at its disposal, international finance can with the greatest ease in this way inflame one nation against another when any interference with its operations is attempted, the real inwardness of the proceedings being completely concealed from the peoples concerned. Thus the armed forces of the nations are always potentially—and at times actually—at the service of international finance for the purpose of coercing other nations into submission. The operations of these men constitute the greatest danger to the peace of the world, and are a menace to all nations.

It is worth noting in passing that Sir Otto Niemeyer in his evidence to the Macmillan Committee referred to the desirability of a corporation to finance industries generally. There used, he said, to be a lot of family businesses which financed themselves out of their reserves, the family proprietors being satisfied to put back big slices of profits into the business each year. The reserves of these businesses had now largely disappeared: a finance corporation might usefully operate in these cases (no doubt acquiring control). Mr. Frater Taylor, a member of the committee, who happened also to be a director of the Bank of England Securities Management Trust, at once interjected: "Would it not defeat rationalization to some extent if every small fellow came along and sought the help of such an institution?" To this Sir Otto Neimeyer replied: "It depends on how it is run. It might conceivably be that there would be cases where the board of this institution would have to say: 'No, it is perfectly true that the machine you want is a good one, but as you are in an overfilled trade which ought to be rationalized that machine is not going to pay, and therefore we will not do it'." This question and answer, in the clearest way, reveal intention to use financial power to enforce merging and amalgamation and to destroy economic independence among the people.

It will be remembered that one of the grounds on which the council of the Trades Union Congress in 1927 gave its support to Sir Alfred Mond's ideas on rationalization was a belief that it would raise the standards of living of the people. Numbers of the schemes later adopted involved the shutting down of works and the installing of more efficient labour-saving machinery in other plants, to do the work with fewer hands. Sir Guy Granet was asked by Mr. Newbold what interest the Bankers' Industrial Company took in the effect on labour of its mergers. The answer was: "... It is a part of management. It is nothing to do with the banking side of it. . . That does not mean to say we disregard it, but we do not look at it as our business." In the first examination of Mr. Norman the following transpired:

Mr. Keynes: "You would not expect rationalization to increase employment until a very late date?"—Mr. Norman: "Until a late date. . . the benefits to be derived from rationalization would not be immediate."

Mr. Bevin: "And would increase the progress of unemployment?"—Mr. Norman: "It is apt to do so temporarily."

Asked if he had any suggestion as to how the unemployment caused by rationalization should be tided over, Mr. Norman said: "I am not prepared to make any suggestion at the moment." Mr. Norman did not indicate whether at any later moment his interest in this matter would exceed that of his henchman Sir Guy Granet. The concern of the promoters of rationalization with "raising the standard of living of the people" would thus appear to be of as remote and attenuated a kind as Jewish Bolshevik concern with fulfilment of their promise of liberty and plenty to the people of Russia.

5. MYSTERIOUS BIRTH OF "PLANNING"

A little reflection will enable the reader to perceive that, powerful as the Bank of England is, plans for bringing whole industries under financier control would be likely at an early date to require legislative assistance. Certain industrialists of independent disposition must sooner or later be bound, in the expressive words of Sir Guy Granet, to "get their bristles up." These recalcitrants would require coercion. In other

directions legislative regulation of industry would be extremely helpful to the enterprise in hand.

It so happens that in 1931 there most conveniently came into existence at the appropriate moment a movement for promoting "Planned Economy." The idea of Planning had seized upon the imagination of many persons of Socialistic and Communistic tendencies following on the inauguration in 1927-28 of the Five Year Plan of the Bolsheviks in Moscow. Of the Moscow plan, Mr. G. T. Grinko, vice-chairman of the U.S.S.R. planning commission, said in his book "The Five Year Plan of the Soviet Union" (vide Fish Committee report): "We fully share the view expressed in the editorial of the 'Pravda' of August 29, 1929: 'The Five Year Plan is an important part of the offensive of the proletariat of the world against capitalism; it is a plan tending to undermine capitalist stabilization; it is a great plan of world revolution.' "

The United States Fish Committee's opinion was: "Boiled down to a reasonable conclusion, if the Five-Year Plan succeeds, the Soviet Union is to become a great money making machine that it may finance communism and world revolution. To undersell the rest of the world in agricultural and industrial products is a part of the scheme to create unrest, ripening into revolution." In "advanced" and near-Communist intellectual circles in Britain it was presently urged that the salvation of the nation lay in planning the whole economic life of the nation on modified Russian lines.

The first reference to the actual personnel of the Planning movement in Britain encountered by the present writer was in the speeches in Congress in 1934 of Mr. Louis T. McFadden. Mr. McFadden emphasized the extraordinary similarity between the ideas and operations of Britain's planners and the proceedings under the New Deal in the United States. A considerable amount of matter quoted by him is inserted in the appendices to the Congressional Record. A part of it is identical with matter appearing in Mrs. L. Fry's book "Waters Flowing Eastward" (dated October, 1933). Since then the "Fascist" periodical (Imperial Fascist League, 30 Craven Street, London, W.C.2) has devoted much attention to the subject, and the League has issued a two-penny pamphlet descriptive of the movement. Broad sheets have also been issued by the Liberty Restoration League (24 Essex Street, London, W.C.2), and the "Patriot" has referred to the matter from time to time, as has the "Free Press" since the latter part of 1935.

In the Congressional Record of June 8, 1934, Mr. McFadden stated that data in his possession showed the existence of a well organized plan for world control and "a hellish conspiracy to enslave and dominate the free peoples of the earth." He proceeded to trace the history of the Socialist Fabian Society in Britain in which, he asserted, the planning project was nurtured. Ninety per cent. of the last British Labour Government were Fabians and the society was extremely active and influential in insinuating Socialism by stealth. With the history and operations of the Fabian Society we shall deal in the next volume. Mr. McFadden added:

"During 1931 this group of Fabians—among them Gerald Barry, I. Nicholson, and Kenneth Lindsay—used a newspaper at that time owned by Lord Beaverbrook and called 'The Week End Review' as a vehicle for their ideas. It is understood that Beaverbrook, upon becoming familiar with their plans, disapproved; whereupon they left his paper and continued to publish their ideas in another on means furnished, according to my informant, by Mrs. Leonard Elmhirst, formerly Dorothy Willard Straight, nee Whitney. Sir Basil P. Blackett, governor [sic. director] of the Bank of England, became chairman of the group in 1931. From this time the organization was called the 'Political Economic Plan.' Among other members were Israel Moses Sieff, Sir Henry Bunbury, Graeme Haldane, I. Hodges, Lady Reading, Daniel Neal, and H. V. Hodson. Monthly meetings were held at which Mrs. Elmhirst was present. Finally the group split on international policy, and Sir Basil P. Blackett resigned and Israel Moses Sieff became chairman in July, 1932."

Mr. Sieff embodied his ideas on planning in a pamphlet entitled "Freedom and Planning," inserted in full in the Congressional Record by Mr. McFadden, and published in full in Mrs. Fry's book. Of Mr. Sieff Mr. McFadden said: "This 'Political Economic Plan,' as it is also called, was prepared under the direction of Israel Moses Sieff, an English Jew, the director of a chain-store enterprise in England called 'Marks and Spencer.' This enterprise declared a 40 per cent. dividend during 1933 and was enabled to do so by the fact that it handled almost exclusively all imports from Soviet Russia, thus being able to undersell established British competitors. . .

"The 'Political Economic Plan' organization is divided into many separate, well-organized, and well-financed depart-

ments. . . The document 'Freedom and Planning,' heretofore inserted in the Record, is entirely secret and, to the best of my belief, has never before been published. However, the 'Political Economic Plan' has published broadsheets. . . These broadsheets are for members and are almost impossible to procure. In a broadsheet dated April 25, 1933, they define their organization as follows: 'A group of people who are actively engaged in production and distribution, in the social services, in town and country planning, in finance, in education, in research, in persuasion, and in various other key functions within the United Kingdom.'

"Emphasising the secrecy of the organization on the last page of this broadsheet occurs the following paragraph: 'You may use without acknowledgment anything which appears in this broadsheet on the understanding that the broadsheet and the group are not publicly mentioned, either in writing or otherwise. This strict condition of anonymity, upon which the broadsheet goes to you, is essential in order that the group may prove effective as a non-partisan organization making its contribution outside the field of personal and party polemics.' "

The foregoing shows that the widespread advocacy of planning in numerous outwardly disconnected quarters was not by any means the spontaneous and independent thing it seemed to the innocent and unsuspecting public at large. The veil of secrecy thrown over his doings by Mr. Israel Moses Sieff was, however, slightly rent as time went on. Nevertheless, even in 1936 the ordinary newspaper reader has for the most part heard nothing whatever of the existence and activities of Mr. Sieff's highly important and influential group of propagandists and workers, for the movement is long past mere propaganda. Mr. McFadden proceeded:

"The 'Political Economic Plan' group members hold their meetings in a private room of the House of Commons. One of the first meetings was held on October 31, 1932, with the cognizance of Prime Minister MacDonald. Among those present were Malcolm MacDonald, son of the Prime Minister, J. H. Thomas, Sir Ernest Bennet, Lord Delawarr, Israel Moses Sieff, and Kenneth Lindsay, secretary of the 'Political Economic Plan.'

"This plan is already in operation in the British Government by means of the Tariff Advisory Board, which in many of its powers is somewhat comparable to the National Recovery Administration in the United States.

"This group organization has gathered all data and statistics obtained by governmental and private organization in administrative, industrial, social, educational, agricultural and other circles; and Army, Navy and airport statistics are in their hands. This has been made possible from the fact that the Prime Minister, Ramsay MacDonald, being a Fabian, the 'Political Economic Plan' Fabian group has had all archives at its disposal.

"Through the Tariff Advisory Board created in February, 1933, and headed by Sir George May, the control over industry and trade is being firmly established. This board works in direct connection with the Treasury and with it devises tariff policy. It has also been granted the powers of a law court and can exact under oath that all information concerning industry and trade be given it.

"Iron and steel, as also cotton industrials in England, have been ordered by the Tariff Advisory Board to prepare and submit plans for the reorganization of their industries and warned that should they fail to do so a plan for complete reconstruction would be imposed upon them. The Tariff Advisory Board has been granted default powers and can, therefore, impose its plan. The committee of the Tariff Advisory Board is composed of Sir George May, Sydney Chapman, professor of economics and statistician, and Sir George Allan Powell, of the food board and food council.

"An interesting bit of information has come to me in this connection to the effect that this Fabian group has close connections with the Foreign Policy Association in New York City. This Foreign Policy Association was largely sponsored by the late Paul M. Warburg and has received the close attention and support of Bernard M. Baruch and Felix M. Frankfurter.

"Many serious people in England feel that this Fabian organization practically controls the British Government and that this Government will soon be known as 'His Majesty's Soviet Government.' It is asserted that both Prime Minister MacDonald and his son belong to the organization and that the movement is well financed and well organized and intends to practically sovietize the English-speaking race.

"About three months after the passage of the National Recovery Act of the United States, when Israel Moses Sieff

was urged by members of his committee to show more activity he said: 'Let us go slowly for a while and wait and see how our plan carries out in America.' "

6. MR. SIEFF AND HIS DISCIPLES

In its pamphlet issued in December, 1934, "P.E.P. (Political and Economic Planning)", the Imperial Fascist League stated that P.E.P. was then already in action in the following organizations:

Milk Marketing Board,
Pig Marketing Board,
Electricity Grid,
British Broadcasting Corporation,
Import Duties Advisory Board,
Town and Country Planning Board,
United Steel Companies, Ltd.

The personnel of P.E.P. at that time was described as comprising:

Mr. Israel Moses Sieff, chairman and financier, of Marks and Spencer's chain stores, and vice-president of the 'English' Zionist Society. In the "Fascist" for March, 1936, the following item appeared: "The Marquess of Milford Haven, Rt. Hon. L. S. Amery and Captain C. E. Benson have joined the Board of Marks and Spencer, Ltd., the firm of Israel Moses Sieff, founder and leader of 'P.E.P.' (Jewish 'Planning')."

Mr. Kenneth Lindsay, M.P., secretary, a Fabian Socialist, lately secretary to the Victoria Colonization Society, run by Mr. A. J. Schwehm (Jew: formerly partner in Wagg's Bank), a scheme to settle white men in South American banana country.

Among other members, past or present, were listed:

The Rt. Hon. W. Elliott, Minister for Agriculture;

Mr. L. Elmhirst, whose wife, nee Whitney, assisted the Rand School of Social Science in U.S.A., a socialist-pacifist organization: they were then running Dartington Hall, a co-educational agricultural college at Totnes and Mr. Elmhirst ran Youth Hostels in the Plymouth district;

Sir G. May (now Lord May), chairman of the Tariff Advisory Board, and lately secretary of the Prudential Assurance Company;

Lord Eustace Percy;

Sir Basil Blackett (since deceased), a director of the Bank of England, cable, wireless, and diamond companies;

Sir A. Salter;

Mr. C. Turnor, agricultural expert;

Mr. D. Neal, Neal's Stores;

Mr. I. Nicholson, who edits P.E.P.'s broadsheets;

Lord Melchett, son and heir of the late Sir Alfred Mond of Imperial Chemical Industries;

Sir E. Iliffe, London "Daily Telegraph."

The following were listed as working in conjunction with P.E.P.:

Mr. Harold Macmillan, Conservative M.P., who had been visiting various Party headquarters and urging them to adopt Planning;

Sir Walter Layton, Liberal papers and National Mutual Life Assurance Co.;

Mr. Wickham Steed;

Lieut.-Col. Garsia;

Professor T. E. Gugenheim Gregory, London School of Economics;

Lord Allen, organizer of conscientious objectors during the war.

Sir Oswald Mosley was stated to have been in the group, but to have left it. The above list was described as quite incomplete.

* * * *

In a supplement to its issue of November 7, 1935, epitomising the pamphlet "Freedom and Planning," the "Patriot" said: "The P.E.P. group was started in this country in 1931. At first, in propounding its theories of Planning, complete anonymity was observed, and more recently in broadcasting articles by Mr. Sieff, Mr. Harold MacMillan, M.P., and others in the 'Times,' 'Morning Post,' and elsewhere, no mention of P.E.P. was made. Many people interested in the movement must be very vague on its details and significance. . . From the quotations hereinafter given it is clear that the mildest descriptive word for the planning of the P.E.P. group would be 'Socialism,' but from the arguments used, and the references to Soviet practice, some would prefer to use the word 'Communism' or 'Sovietization'.

"Parts of such a general plan already in operation, or likely to serve in its preparation, are: The Central Electricity Board; London Transport Board; Town and Country Planning Board; all Agricultural Marketing Acts; the Cotton Spinning Industry Bill, giving statutory authority to a scheme for the elimination of 10,000,000 spindles; and the establishment of a Board under the Board of Trade with legal power to buy out spinning plant compulsorily. Then there is the Ribbon Building Bill, originally framed to give large power of nationalizing land, but modified later in the Commons. Further, Lord Melchett's Industrial Reorganization (Enabling) Bill was recently presented in the House of Lords; and the Industrial Reorganization League was formed to procure the passage of this Bill through Parliament and to prepare industry to receive it, and of this League Mr. MacMillan is chairman and Lord Melchett vice-chairman. Then it is to be noted that Clause 24 of the Finance Bill assists compulsory schemes for the re-organization and amalgamation in industry."

* * * *

In an undated leaflet issued about the end of 1935 the Liberty Restoration League, of which Captain Bernard Acworth, R.N., is chairman, the following account of the Planning movement is given:

"The last two years have been remarkable for the steps taken to further the movement known as Industrial and Economic 'Planning,' and it is important that the fallacies and dangers of the movement should be recognized, and the influence it is exercising on some members of all the political parties.

"In the winter of 1933-34 Mr. Harold MacMillan, M.P., published a book 'Industrial Reconstruction' in which, with the aim of establishing an equilibrium between supply and demand, and so of eliminating price-cutting, proposals were made for amalgamating all firms in the several industries into one corporation which would control the industry. The author frankly admitted that the proposed corporations would constitute monopolies and that this would tend to make prices rise to the consumer.

"In November, 1934, Lord Melchett introduced an Industrial Reorganization (Enabling) Bill into the House of Lords. Its purpose was to promote the formation of corporations of the type proposed by Mr. Macmillan. It only

secured a first reading, but an Industrial Reorganization League, with Mr. Macmillan as Chairman, came into existence to secure support in industry for its principles.

"There have since been several publications in which 'Planning' has been advocated. These include 'Planning for Employment,' the combined work of Lord Eustace Percy, M.P. (Conservative), Mr. Kenneth Lindsay, M.P. (National Socialist), Mr. Macmillan, M.P. (Conservative) and eleven other National Conservative members of Parliament; also 'Conservatism of the Future,' the work of several Conservative writers, and 'Towards a National Policy,' the work of five National Socialists, to which Lord Eustace Percy and Mr. Lindsay have severally contributed chapters on this subject.

"Mr. Lloyd George includes proposals of the kind in his 'New Deal,' and similar proposals are made in 'The Next Five Years,' a recent publication signed by 152 well-known men and women, chiefly members of the Liberal and Labour Parties, but including nine Conservative Members of Parliament.

"It should be noted also that the reorganization of industry will be assisted by clause 24 of this year's Finance Act. This will exempt from taxation contributions towards schemes of reorganization, the primary object of which is certified by the Board of Trade to be the elimination of redundant plant and machinery, and which are regarded by the Board as being in the national interest and in the interest of the industry as a whole.

"The Financial Secretary to the Treasury in debate spoke of the clause as being intended to assist schemes of amalgamation. So far, of course, such schemes can only be carried through by consent of the firms concerned. If, however, as desired by 'Planners,' compulsory powers were obtained, this clause would obviously facilitate their use.

"The advocacy of Mr. Lloyd George, and the admission to the Cabinet of Lord Eustace Percy as Minister without Portfolio, and of Mr. Kenneth Lindsay to the Government (Civil Lord of the Admiralty) give the movement a new importance.

"It should also be noted that Mr. Walter Elliot, Minister for Agriculture, is reported to have said on March 20th, 1935, that 'the United Kingdom policy' for agriculture was 'the application of the principle of planning in all its phases.' 'It

involves,' he said, 'the planning of supply regionally, nationally, and internationally, and as a consequence, the planning of consumption.' . . .

"The proposals appear to be largely inspired by the publications of a 'Political and Economic Planning' Group, known by its initials 'P.E.P.' Until recently the Chairman was Mr. Israel Moses Sieff, Deputy Chairman of Marks and Spencer Ltd., and Vice-President of the Federated Multiple Shop Proprietors. Mr. Kenneth Lindsay was Secretary until he joined the Government."

* * * *

Considerable attention has been devoted to P.E.P. by the "Free Press," monthly organ of the Militant Christian Patriots, (J. F. Rushbrook, president; office, 93 Chancery Lane, London, W.C.2). In the first issue of this publication in October, 1935, the P.E.P. movement was described as "aiming at the complete monopoly of Britain's industry, commerce, and social enterprises." It was added: "If their plan succeeds—and parts of it are already in practice—then individual freedom will disappear beyond all hope of recovery. Although the average Briton may still be able to air his views in Hyde Park, his entire economic and social life will be more rigid and shackling than any Nazi or Fascist system on the Continent. All the details of P.E.P.'s nationwide plan have been carefully worked out in the last three years of the group's existence, which includes well-known men from every sphere of life." The headquarters of P.E.P. were stated to be at 16 Queen Anne's Gate, London.

In one article appeared the following: "Whence comes this philanthropic inspiration? It all begins with a fortuitous meeting which took place in a railway carriage in Germany before the war, between Messrs. Chaim Weizmann and Israel Moses Sieff. (See article on I.M. Sieff in 'The Jewish Daily Post,' July 21, 1935)." Dr. Chaim Weizmann is one of the most influential Jewish Zionist leaders in the world.

In its issue of January, 1936, the "Free Press" remarked that not Mr. Sieff himself, but members of P.E.P., had been at great pains lately to shift responsibility for the document "Freedom and Planning" from the shoulders of Mr. Sieff to those of the late Sir Basil Blackett. It added:

"The document in question was circulated in 1932. It contained all the Socialist plans for Public Utilities, all the

various Marketing Boards, Enabling Bill, Chartered Corporations, etc., which have since been passed by the National Government. The underlying idea is one of compulsion—coercion, nationalization, expropriation, all leading to feudalism and inevitable slavery.

“In spite of the fact that articles about P.E.P. and ‘Freedom and Planning’ appeared in the French Press—the ‘Figaro’ and ‘Ami du Peuple’ early in 1933—and that the whole thing was exposed by Congressman McFadden in the American Congress in 1933 (?1934), all ascribing the document to Mr. Sieff, no denial was made until after Sir Basil Blackett’s death on August 15, 1935. One or two facts are relevant: (1) On March 29, 1933, Mr. Sieff delivered a speech at the Savoy embodying the exact lines of Planning contained in the document ‘Freedom and Planning’ about chartered corporations, statutory bodies, public utilities, enabling Acts, etc. He made no mention of being indebted to Sir Basil Blackett for the ideas he developed. (2) The review ‘The Nineteenth Century and After’ in its current December number, published an article by the late Sir Basil Blackett on Economic Developments in Post-War Britain. It is a summary of the address he was due to deliver at the University of Heidelberg on August 16, 1935. He was killed on August 15. The article deals with Planning, but some of the ideas expressed in it are in direct opposition to those contained in ‘Freedom and Planning.’ . . .

“The Planning done at the P.E.P. offices does not find its source in the Christian and Platonic doctrine of freedom. It is the offspring of Judaic Zionism deriving its inspiration from Talmudic Messianism. It is the father to Socialism, Marxism, and Bolshevism. Sir Basil Blackett was neither a follower of the Talmud nor a Zionist, whereas the chairman of the Fabian P.E.P. group is both.”

7. AN END TO BRITISH LIBERTY

In her book “Waters Flowing Eastward,” Mrs. Fry expresses the opinion that P.E.P. in Britain and the N.R.A. and New Deal policies in America are identical, but the method of execution is different. In the United States the public is being stampeded and brutally coerced by the New Deal, “whereas the English must be dealt with slowly,” and

asked to forego freedom in the name of patriotism. "Both methods," said Mrs. Fry, "produce the same results: the concentration of all material resources in the hands of the Jews, the lowering of our standard of living, and complete physical and moral degradation."

It is curious to find the following reference to one P.E.P. member in the "Fascist" for July, 1935: "Lord Eustace Percy, according to the 'Jewish Daily Post' of 16th June, shared a flat with his intimate friend the Jew Professor Felix Frankfurter at Washington during the War when acting as attache at the British Embassy." Lord Eustace Percy is a younger brother of the late Duke of Northumberland, who was leader of the group which in February, 1922, founded the "Patriot" weekly, "to inform the public of the existence and ramifications of a powerful conspiracy against the British Empire, the activities of which were not exposed in the Press nor in Parliament." Since then the "Patriot" has devoted attention to Communism, Zionist Judaism, secret societies, and subversive movements generally, showing their activities and interconnection, and seems to regard P.E.P. as coming under one or more of these headings. The New Deal activities and near-Communist affiliations of Professor Frankfurter were outlined in the preceding chapter.

Sir George May (now Lord May), chairman of the Import Duties Advisory Board, was stated in the "Fascist" of March, 1935, to have been D.Q.M.G. in charge of Army Canteens during the War, and to be married to a member of the Jewish Strauss family.

Mr. Kenneth Lindsay, M.P., was described in a letter in the "Patriot" (26/4/34) as "formerly of Toynbee Hall, and connected with the Union of Democratic Control and the Society of Socialist Christians." Of the notorious activities of the Union of Democratic Control during the War some account will be given in the next volume.

The similarity between the British economic policies and those of the United States has been remarked in many quarters. Writing of the position as it stood as far back as two years ago, Mr. W. Faulkner said in the "Patriot" (22/2/34): "... It is the purpose of these Agricultural Marketing Boards to control the production and distribution of milk and other commodities. They establish, in short, the State regulation of the industry. The quantity that may be produced of a particular commodity and the price at which

it may be sold are fixed by the Board. Heavy penalties are imposed on producers or dealers who fail to observe the regulations and orders of the Boards. The Milk Marketing Board is already familiar to everybody. . . It plans to provide the farmer with a market for his milk, and it fixes the price he shall receive for it, and also the price the consumer shall pay. . . The other schemes for controlling the supply of and price of bacon, potatoes, poultry and eggs are all Socialistic in so far as they aim at the State regulation of production and distribution. Producers are to be registered, and their quota will be fixed. If they exceed the quota they will be liable to heavy penalties. One of the ideas behind these schemes seems to be the restriction of supplies in order to raise prices."

What Planning means in actual practice is sufficiently revealed by an instance cited in the "Fascist" of February, 1936: "Under the Jewish P.E.P. Potato Marketing Scheme, all new land put under potatoes is subject to a levy of £5 per acre, and although Cornish farmers are prepared to cultivate a particular kind of yellow potato necessary for the potato crisp industry, the Board says it cannot remit the levy for fear of creating a precedent. Here is one of the many examples of the results of unintelligent Jewish economics in application to the enterprising Aryan British farming industry. In America, under President Roosevelt's Jewish A.A.A. . . . the equivalent of P.E.P. in this country, they actually paid farmers out of taxpayers' money not to grow crops or rear stock." The steps taken to limit and restrict the supply to the people of Britain of this staple food are almost identical with American Potato Law described in the preceding chapter. As under the New Deal in the United States, so under Planned Economy in Britain, the State now stands between the nation and the bounty of the soil. No more complete negation of Christian principles can be conceived.

Particular emphasis is laid by the P.E.P. enthusiasts on the great importance of the control of agriculture, that is, of the nation's food supply. On the financial side, as has been noticed, there is a corresponding reaching out over farm finance by the creation of national and international agricultural mortgage credit corporations. The means are thus available for systematic exertion of financial pressure on agriculturists to enforce conformity to planning policies, just as the evidence before the Macmillan Committee revealed

the systematic application of financial pressure to force industrialists into regimentation and control.

Mr. Walter Elliot, Britain's Minister of Agriculture, was reported in the Vienna "Neue Freie Presse" of June 24, 1934 as having made the following statement (vide "Fascist," August, 1934): "The new economic order has already developed farther in England than is generally realized. I think we have even attained more in this direction than the United States with all their codes."

8. THE PLAN EXAMINED

The full text of the originally secret document "Freedom and Planning" is inserted as an appendix to this volume. The reader interested in the subject will find it instructive to compare its contents with much of the subsequent literature in advocacy of Planning. Such comparison makes it difficult to avoid the conclusion that the entire movement springs from a single point of origin.

The chief characteristic of the document is the highly skilful and plausible presentation of the case for Planning. The programme is advanced as something definite, attainable, and entirely practical at a time when all is chaos and uncertainty. The undoubted advantages of a greater degree of co-operative effort in industry are enlarged upon. At the same time no serious attention is paid to the enormous fundamental difference between voluntary co-operative effort by free men, acting together for mutual advantage, and an imposed coercive plan of regimentation. This difference strikes to the bottom of all human relations. A perfect example of a coercive Planned Economy is a negro slave plantation. Analysis of the Plan reveals it as nothing more than a modified form of the Planning which has been imposed on the people of Russia by the Jewish Bolsheviks assisted by the Jewish international financiers. And the whole plan itself is a continuation and completion of the process of monopoly-creating with which international finance had just previously been busy in Britain through the agency of the Bank of England. There are great evils to be remedied in the world, and to remedy them it is needful first to make a patient examination of their actual human origins. It is not from the authors of disaster that a wise man will seek the remedy for disaster.

It is necessary to penetrate through the smooth exterior of this Plan to the realities that lie behind it. To do this effectively we must trace out as far as we can the operation of the disruptive forces at work in the world and their true nature. In later volumes the author hopes to continue to piece together such material as he has been able to glean. In the meantime the leading features of Planned Economy as outlined by Mr. Sieff deserve attention.

In reprinting the document numbers have been inserted against the headings in it, and in quoting from it below the part to which reference is made is indicated by figures in parentheses.

The actual plan is for the creation of a series of great corporations controlling each branch of industry; in some cases owning the industrial plants, in others confederating them. There will be a Cotton Industry Corporation, a Steel Industry Corporation, a Milk Producers' Corporation, and so on. The distributive services will be similarly organized; and a large proportion of the land of the country will be owned and controlled by the proposed corporations or by land trusts. These parts of the plan are set out in sections 20 and 21. In section 23 the creation of another corporation is indicated for the purpose of mopping up and directing all money for investment into such channels as the Planners choose.

Above these corporations is a series of National Councils for, respectively, agriculture, industry, coal-mining, transport, etc. At the summit will be a National Planning Commission, with advisory not executive functions and subordinate to Cabinet, but "with clearly defined powers of initiative and clearly defined responsibilities, its personnel representative of the nation's economic life" (20). The various National Councils will have powers of compulsion and coercion. The statutory corporations will have "considerable powers to regulate the affairs of their respective industries"; and in their constitution provision will be made for "suitable representation of interests, including organized labour." The National Councils above them will be composed of members elected by the statutory corporations from among those in control of them.

The broad lines of the plan are almost exactly those projected by Mr. Montagu Norman in his evidence before the Macmillan Committee when he described his proposals

for forming great combines and monopolies to take charge of "industries practically as a whole." The Sieff Plan is thus an extension and consummation of the work of the international financiers in the Bank of England subsidiary, the Bankers' Industrial Development Company. It therefore becomes interesting to discover what view the plan takes of the Bank of England. In section 24 we find the following:

"The Bank of England has in the course of its history lost practically all of its original profit-making characteristics and become in fact if not in form a leading example of a Public Utility Corporation devoted to rendering public service. It has also many of the features of a self-governing institution, its relations to the Government delicately adjusted so as to combine both due subordination and administrative dependence, so as to offer a significant parallel to the new institutions suggested earlier in the spheres of industry and distribution. It would appear to be sufficiently flexible to enable it to adapt itself to filling its place in the new order without requiring any radical changes in its constitution."

The Bank of England is thus set up as a model after which the various other statutory corporations to control British industry might well be patterned. In actual practice we find that the machine set up by the Bank of England to amalgamate industrial concerns was described by a member of the Macmillan Committee as having a board "which is essentially what one might call the board of the international issuing houses"—and these houses are predominantly Jewish. Sir Otto Niemeyer, on the actual practical side again, stated that the shareholders in the corporations controlling industry should be the banks.

We thus have the fact that Planned Economy, advocated by numerous Fabian Society Socialists, and alleged by Mr. Louis T. McFadden to have originated in Fabian Society circles, is a crowning and completion of operations initiated by the international financiers controlling the Bank of England. We have the further fact that the international financiers of Wall Street, New York, have been associated with Socialistic and near-Communist economists and others in carrying out a very similar programme of regimentation of industry under the New Deal in the United States. On top of that there is the additional undoubted fact that international finance—as we shall see more fully at a later stage—has provided the means for the regimentation of Russian

industry under the Planning there in operation. Curious facts will also later come under our notice in connection with similar processes of regimentation and dictatorship elsewhere in Europe.

With respect to the eulogistic reference in the Sieff document to the Bank of England, it is sufficient at the moment to point out: (1) that the Bank of England is a private corporation open to foreign ownership and with a secret share list: (2) that according to evidence before a British Parliamentary Committee many years ago its constitution imposes no obligation on it to consider the public interest in its operations: (3) that its board is strongly representative of international finance: and (4) that it pressed for the policy of currency and credit contraction which plunged British industry into difficulties from 1920 onwards and demoralized a large section of the population by the consequent prolonged unemployment.

Turning next to the Plan as it affects the ordinary run of people, we find it stated of the farmer or manufacturer that: "He may be conceived of as remaining in full control of his farm or factory, but receiving from the duly constituted authority instructions as to the quantity and quality of his production, and as to the markets in which he will sell" (19). The farmer or manufacturer will thus have a corporal standing over him giving him orders. If his compliance with those orders is not considered satisfactory by the corporal in charge of his section, he will presumably be "liquidated"—to use the favourite Moscow Planning phrase. The plan will go to pieces unless coercion is applied. Strict obedience to orders from above is indispensable to it.

It needs very little reflection to perceive that under such an arrangement paralysis of individual initiative and enterprise must ensue. What a farmer raises will not be determined by his own judgment as to what his land is best suited for and what can be most profitably produced to meet current demand, but by the decision of the constituted authority over him. A manufacturer will not be free to turn his plant over to the production of some new article he has designed, or for which he considers a demand exists or can be created. He will be handed a schedule of production by the corporal over him and told to conform to that. In commenting on similar regimentation of industry in the United States, former President Hoover found it impossible to imagine a totally new enterprise,

such as the automobile industry, developing under it from nothing to its present immense proportions.

The Plan also reaches out its tentacles over the retail distributor. We are told that: "The waste involved in the 500,000 or more retail shops, one shop for every twenty households, cannot be allowed to block the flow of goods from producer to consumer" (17). In this field there is to be "adequate re-organization." This reorganization will doubtless involve a similar reduction of status in the persons affected, who will presumably be controlled and placed under orders from above, or alternatively transformed into salaried managers for a chain-store corporation, such as Mr. Sieff himself operates. It is not the retailing system which has blocked the flow of goods, but the Bank of England monetary policies.

It is emphasized that the consumer is to be left free to buy what he will, and that there will be no attempt to control or dictate consumption (13). The freedom enlarged upon in this section appears to be freedom to buy such things as the Planners decide to produce and market, at such prices as the Planners decide to demand for them. There will be no actual compulsion to buy. The horse will merely be led to such water as the Planners decree, but no attempt will be made to force him to drink. Freedom is obviously shrinking to microscopic proportions when freedom such as this requires to be enlarged upon as remaining unimpaired.

On the political side we learn that "big consequent changes will follow in the machinery of government" (29). It is further emphasized that the ultimate objective is international planning: throughout the document there runs a constant reference to internationalism.

Except that statutory corporations, etc., are in charge, instead of Bolshevik Commissars, the entire plan involves the same concentration of control, and largely of ownership, as does Communism. There is to be a dictatorship, but it will not be labelled a Dictatorship of the Proletariat as in Russia. Not everything will be taken over but only "the major or 'key' business activities of the nation" (30), the rest of industry will merely be in dependence, or "ancillary," to the directly controlled part. How much freedom would remain to this part of industry in the circumstances would appear extremely problematical. It is only left alone because it can be controlled through the key industries.

The author of the document is unable to disguise the fact that the plan does involve loss of freedom. His argument is that the encroachments are only "in the sphere of our economic life, in the sphere of material things only" (10). We are told in effect that we have already lost so much freedom in these spheres that a little more will not hurt us. There are frequent references to "spiritual freedom," "political freedom and personal freedom" as remaining intact (as in section 18). Man, however, is a spiritual being in a material envelope, and his existence is dependent on a day-to-day supply of material things. Without those material things his earthly life speedily terminates. Freedom in the spiritual sphere alone is thus mainly freedom to die. If all material things are controlled, humanity exists at the pleasure of the controllers. Modern history shows a growth of political freedom without corresponding economic freedom: the Plan makes further encroachment on economic freedom. The portions of the argument distinguishing between "economic freedom" and "spiritual freedom," etc., are sophistical and delusive and will not bear examination.

It is further to be noticed that the main ground of appeal for adoption of Planning is by playing upon the motive of Fear. The document opens with a black picture of collapsing civilization. The first seven sections enlarge on this. We are told that "world disorganization, famine, pestilence, and the submergence of our civilization are visible on the horizon" (3). This theme recurs perpetually throughout the whole document. Planning is to be accepted lest a worse thing befall. We are all "acutely conscious of exasperating frustration of our best efforts" and "human intelligence seems bankrupt" (4). This last is an over-statement. Human intelligence is not bankrupt. It has merely had its attention cleverly directed away from certain injurious activities disruptive of its affairs.

When we turn to the causes of this impending collapse of civilization we find the Israel Moses Sieff document peculiarly unenlightening. There is no adequate diagnosis of the cause of the trouble that is to be cured. It is pointed out that it has arisen "not because nature has been niggardly" (4). There is no lack of productive ability: "applied science puts at man's disposal food-stuffs, raw materials, services of all kinds, in ever-growing abundance" (2). What then has gone wrong? The only answer is that there is "world-wide loss

of control of the machinery of civilization" (7). Generalities of this sort are not satisfying.

The document thus gets as far as admitting that there is plenty for all and no failure on the side of production to account for the world's difficulties. The trouble is therefore failure to distribute this plenty. On the distributive side there is no shortage of transport, and no failure of the human or mechanical agencies for the actual shifting of commodities. What then is wrong? In Britain the Macmillan Committee went over the whole ground a few years ago, and in its report issued in 1931 it said (par. 204):

"A study of history would, we believe, confirm the opinion that it is changes in the level of prices, and in the consequential alteration in the position of debtors and creditors, entrepreneurs and workers, peasants and the tax-gatherer that the main secrets of social trouble are to be found. Looked at from this point of view the events of the last decade are of the most extraordinary kind."

This committee, although largely composed of bankers, got as far as admitting that: "Obviously the general price level must be governed by the volume of purchasing power directed to the buying of current output relative to the volume of this output," and that "the recent world-wide fall of prices is best described as a monetary phenomenon." Six of the fourteen members of the committee proceeded a stage further in their addendum to the report and acknowledged that "the increase in the value of sterling was deliberately intended": that is to say, the fluctuation in the price level was deliberately intended. And we have it laid down that this deliberately caused fluctuation is the main cause of social trouble.

The Israel Moses Sieff document avoids analysis of the cause of the impending chaos; the Macmillan Committee makes an analysis and finds that the trouble is a monetary trouble. It is lack of money in circulation among the common people which prevents real wealth from being circulated and consumption proceeding on a normal basis.

The British race not being entirely brainless, it is not possible for the author of "Freedom and Planning" to ignore the monetary factor completely. He tucks away the subject two-thirds of the way through his document. It is neither to be first presented nor last remembered. He there admits that:

"Mismanagement of the standard of value is apparent throughout the world" (22). He follows this up by the statement that: "Mere manufacture of paper purchasing power is of little avail." In the next section, however, he postulates that: "One basic need of the new economic organization is the stabilization of the purchasing power of money." This stabilization, it is to be noted, is to be effected AFTER Planning has been adopted.

We thus reach the curious position that the thing that has obviously gone wrong is put by Mr. Israel Moses Sieff not in the forefront of his remedial programme, but in the hind-part. Surely, the obvious course is to take in hand that which is clearly and patently out of gear and put it in order, and then after that to consider what further steps are required. Mr. Sieff prefers to put the cart before the horse. Why does he do this? We look in vain for the reason. It becomes evident that not all the reasons for this programme are embodied in the document.

Mr. Sieff deprecates the idea that monetary reform will remedy matters, saying that "mere manufacture of paper purchasing power is of little avail." This statement deserves examination. To begin with we have the fact that all modern currencies are paper currencies (except for small change). The modern gold standard is nothing but a paper currency so regulated as to maintain the paper at a certain parity with gold. On this point we find Sir Otto Ernst Niemeyer—as ardent an advocate of super-corporations as Mr. Israel Moses Sieff himself (the truly British flavour of these gentlemen's names is interesting!)—laying it down in evidence before the Macmillan Committee that: "We should firmly maintain and declare that in no circumstances whatever in a civilized country will we put gold into circulation." Sir Otto Niemeyer spoke as a firm believer in the gold standard. His statement merely expresses the universal financier view that gold should be "economized"; that is to say, that the financiers should hold the gold, and the common people—the plain Smiths, Robinsons, and Browns—should hold bits of paper nominally representing gold, but which gold they will "in no circumstances whatever" be allowed to obtain for their paper. Only the gentlemen with the foreign names in Lombard Street, London, will have access to the gold, and what they do with the gold will determine what the people with the British names are able to buy with the bits of paper.

It would thus appear that it can hardly be the fact that money is made of "paper" which causes monetary reform to be of little avail in Mr. Sieff's eyes. It must thus be the "mere manufacture" of it that he condemns. Nevertheless, we have the fact that the Great War was won by the unleashing of productive activity by the mere manufacture of paper purchasing power. The Napoleonic Wars were won in exactly the same way, by recourse to a paper currency expanded to meet the national needs. Anyone who wishes to check this latter statement will find the evidence in great detail in the many volumes of Sir Archibald Alison's "History of Europe." It is thus not in accord with historical fact to say that "the mere manufacture of paper purchasing power is of little avail" in stimulating activity and distribution. We all know that if war broke out to-morrow the money would be provided forthwith, and everything would be going at top speed again. It is a further unchallengeable fact that destruction of paper purchasing power after the Napoleonic Wars and after the Great War resulted in a strangulation of commerce and industry on both occasions. In both cases, also, warnings were uttered in advance that such strangulation must result if the steps proposed were taken, and the event bore out the warning. The mere manufacture of paper purchasing power was thus not of "little avail," but of great avail, and the destruction of this manufactured paper purchasing power was ruinous in both cases.

It is further to be noticed that Mr. Sieff while admitting monetary "mismanagement throughout the world" writes in adulatory terms of the Bank of England, which institution has been responsible for the monetary mismanagement in Britain. We are told that this machine with its secret and irresponsible money-juggling and monopoly-creating propensities is "devoted to rendering public service": that it offers "a significant parallel to the new institutions suggested"; and that it does not require "any radical changes in its constitution" (23). Mr. Sieff talks of stabilization of money in purchasing power as desirable after adoption of Planning. But Mr. Montagu Norman rejects this as an object of monetary control: the Bank for International Settlements, central organ of his world money trust, he told the Macmillan Committee, is not interested in controlling money to maintain a stable price level. "I do not think it recognizes any such role," he stated in reply to Lord Macmillan's question to him,

Mr. Sieff's attitude is inconsistent. He condemns monetary mismanagement: he belauds the institution which is mismanaging money. His whole Plan is a completion of the process of monopoly-creating inaugurated by this same monetary institution. We have previously noted that his distinction between "spiritual freedom" and economic freedom is a false and delusive distinction. We have furthermore noted that he seeks support for Planning by playing upon the motive of Fear: the people, in short, are to be scared into accepting Planning. This is the leading line of sales talk in working off the wares Mr. Israel Moses Sieff is crying. A strong case is made out for doing something to remedy matters. A weak case is made out for the particular remedy suggested. Yet Mr. Sieff seems to be very keen on the application of this particular remedy.

One thus tends to a conclusion that Mr. Sieff regards Planning as a desirable thing in itself for reasons not set out. Planning divides the population into very distinct classes. On the one side, we have a small directing body, the Planners: on the other side, a large submissive and directed multitude, the Planned. Such a division presupposes that the population falls naturally into two groups, one possessing great intelligence, initiative, and directive ability far beyond the ordinary: and the other, comprising the bulk of the people, so lacking in these qualities that for their own good the control and direction of their own affairs must be gathered up and removed from their hands and coercion applied to them.

The British population does not fall naturally into two such clear-cut groups of overlords and undermen. Its whole genius has been towards independence and freedom for the individual. Liberty is conceived of as a God-given right, and man as the master of the State, not as its servant. To the Planner as to the Communist, man is the creature of the State. The whole structure is built on despotic powers over the individual. As Mr. Hoover put it in "The Challenge to Liberty," we are faced with the primary issue of humanity and all government. "Not only in the United States," he wrote, "but throughout the world, the whole philosophy of individual liberty is under attack." It is significant to find in the Sieff document the following statement with respect to Planning: "The only rival world political and economic system which puts forward a comparable claim is that of the Union of Soviet Republics" (28).

The political and economic leaders of Britain are being asked to accept Planning—and are accepting it—as a means of avoiding Communism. The great difference between Planning and Communism is that under the Communistic programme the workers are to inaugurate the new order by assassinating, exiling, or otherwise “liquidating” practically the whole of the existing national leadership in government and industry. Planning brings the same results as Communism in the concentration of control over industry, and largely also in the concentration of ownership, but the existing leadership gets off without having its throat cut by a revolutionary proletariat—at least not for the time being. And it is noticeable that the existing leaders are invited in the Sieff documents to accept Planning lest a worse thing befall. Thus it seems that between financial pressure on the one side, and terror of revolutionary Communism on the other, Planning emerges as practical politics. Prodded from one side and kicked from the other, the movement advances into view.

We have to bear in mind, also, that the financial pressure—the driving force—is the result of the manufacture of colossal debts by pretended loans of imaginary, non-existent money, and of distress and dislocation consequent on deliberate contraction of the volume of money in active circulation. This financial pressure has been applied largely under the auspices of Jewish international financiers.

On the other hand, we have the fact it was a Jew, Karl Marx, who enunciated the doctrine of the class-war and the tenets of revolutionary Communism. We have the further fact that it is mainly under Jewish auspices that the doctrines of the Jew Marx have been, and are being, applied in Russia.

On top of this we have evidence of a considerable degree of interconnection and understanding between Jewish international finance and Jewish Communism.

Finally, we have the fact that the economic regimentation under the New Deal in the United States and under Planned Economy in Britain has been inaugurated under distinct Jewish associations.

The operations of Jewish international finance, Jewish Communism, and Jewish Planning have one important characteristic in common. They all result in transfers of the ownership of material things. The transfers take control from the many and place it in the hands of the few. The many are reduced to humble dependence on those few for the means of existence.

The racial aspect of these movements deserves consideration. In the bulk of the current literature dealing with them it receives no consideration whatsoever. Is it possible that the small directing group visualized as giving its orders to the Planned multitude is a Jewish group, or a Jewish-controlled group? All that can be said is that the movement bears marks of Jewish inspiration, and that the Jews, or a large section of them, regard themselves as a Chosen People destined to control the world. Planned Economy calls for Supermen to control and Undermen to submit.

It is to be noticed that the document "Freedom and Planning" is loose and vague as to the degree of control to be exercised by the Planned part of the population over the constituted authorities to be set up with coercive powers to regulate their affairs. We are told that the constituted authority will be "presumably elected by the votes of those with whose affairs they deal" (19): and that on the statutory corporations provision will be made for "suitable representation of interests, including organized labour" (20). In the one case the word "presumably" creeps in, and in the other the word "suitable." It is quite obvious that if a great National Plan is framed the Planners cannot have that Plan upset from below: interference at one point may easily dislocate the entire Plan.

The evidence before the Macmillan Committee showed very clearly that the process of forming giant corporations—Planning in practice—was proceeding in 1930 under coercion. The replies of Sir W. H. N. Goschen, Jewish banker and chairman of the Agricultural Mortgage Corporation, are very much to the point (Questions 1880 and 1881):

Mr. Tulloch: "The position to-day is that the banks are coercing their customers, even though some of these customers might do quite well outside, on the grounds that the needs of the industry demand that these firms should join in a combine?"—Sir W. H. N. Goschen: "Yes."

Lord Macmillan: "The power you have behind your advice is 'If you do not take that course we shall cut off your supplies'?"—Sir W. H. N. Goschen: "That is so."

This method of "advising" by cutting off supplies has been found very necessary, and has been extensively applied, by the Moscow Jews in enforcing Planning in Russia. The

Sieff Plan quite openly contemplates coercion of minorities: and a free application of "advice" on Goschen lines would appear to be inseparable from the process. One wonders to what extent the agriculturists of Britain have already been so "advised" by the Agricultural Mortgage Corporation, presided over in 1930 by Sir W. H. N. Goschen, in connection with the various agricultural control schemes now in operation in Britain.

Mr. Hoover in his criticism of the Roosevelt New Deal regimentation makes the point that extensive State control over industry, as in the Sieff Plan, is quite incompatible with free Parliamentary institutions. He writes: "Any programme of government, no matter how laudable or beneficial its aim, to change the habits or extend direction over the daily activities of the people must, perforce, adversely affect the interests of some of them. And the things here in action cannot be accomplished without many injustices, infinite hardships, deprivals of property and livelihood. Its sponsors believe these sacrifices must be made. We have a people highly sympathetic with those who thus suffer, for they are still much indurated with their old-fashioned ideas of justice, personal liberty and rights. When great changes are proposed as temporary measures, such hardships will be borne with patience. When these same changes are developed as permanent new forms of government, even though they may seem attractive to a majority, yet encroaching upon centuries of heritage of personal liberty, they will not be received by the minority without protest. Such resistance will rise from a host of the constituents of each member of the Congress and their appeal is at once to him or to the press. . . Thus the legislative arm becomes at once entangled in a vast complex of interferences in the administration, out of which the member may win or lose votes at home."

The conclusion reached by Mr. Hoover is that in this welter of pushing and pulling by the bureaucracy and Congress, with its inescapable criticisms and investigations, its log-rolling and politics, the administrative machine will be unable to function properly. As a result the Executive must sidetrack the legislative arm if administration of such a gigantic complex is to be effective. Thus, either a free Legislature will sooner or later destroy the ability of a Planned Economy to function, or the Planned Economy will destroy the freedom of the Legislature.

Mr. Hoover further predicates the management of public opinion by a vast propaganda machinery as necessary to a regimented economy, with colouring of the news, and denunciation of critics. It is at least noticeable that in those countries, as in Russia and elsewhere, which have adopted systems of industrial control, the legislative arm has been shackled, elections are not free, and the press is heavily censored, if indeed an opposition press is suffered at all. In Russia a vast network of espionage over the individual has further been found indispensable to the functioning of its regimented system. These things are inevitable in the enforcement of any coercive system of National Planning—and all such plans are necessarily coercive. The Plan cannot function if its parts are interfered with from below. Despotic powers on the one side and submission on the other are necessary to its very being.

It is to be noted that in delivering the annual Richard Cobden lecture in London in 1934, Professor Gustav Cassel, the Swedish monetary expert, took as his subject "From Protectionism through Planned Economy to Dictatorship." He advised deliberate resistance to economic leadership of governments and Parliaments. The progressive destruction of the fundamental economic relations of civilized society, he remarked, had been going on since the present crisis manifested itself. This crisis was in his opinion "essentially a result of mismanagement of the world's monetary system" leading to a devastating process of deflation and an endless fall in prices. Professor Cassel added:

"If we do not want to sacrifice the results of the last 150 years of progress of Western civilization we must join in the most determinate efforts to put an end to this disastrous trend of events. Indeed, in our days, no better work of planning can be accomplished than the drawing up of a well-considered programme for deliberate resistance to the economic leadership of governments and parliaments, and for reconstruction of a social order essentially based upon economic freedom and responsibility of the individual." Monetary reform was visualized as the path to this end: that is to say, the putting right of the thing that has gone wrong. From this obvious step, Planners, International Financiers, and Communists alike shy right away.

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In New Zealand we have in Mr. Walter Nash, Minister

of Finance in our Labour Government, a staunch advocate of a Planned Economy. Mr. Nash's views on this matter were very fully stated in his evidence as a private member of Parliament before the Government Monetary Committee of 1934. Mr. Nash said: "We have got to fit in with a system of planned production." He strongly advocated such a system, and agreed with Dr. Sutch, Government economist attached to the Committee, that "the only alternative to anarchy is some order consciously planned." Mr. Nash proposed nationalization of banking; State control of all external trade, both of exports and imports; and "a National Investment Board to determine the use of savings for the maintenance and extension of production and services." Mr. Nash further laid it down that "all investments ought to be under the control of the Investment Board, and supposing they do allow companies to be formed, they should report on them and issue the reports and all the facts at their disposal, together with their opinion, and without any liability on the Board." It was further noticeable that while affirming the desirability of a stable price level, Mr. Nash deprecated approach to the national problems from the monetary end, asserting that "the mere issue of money will not solve any economic problem." Control of the money system was necessary in his opinion, but only as a first step in Planning.

Mr. Nash's views as expressed in 1934 thus appear to be in agreement to a large extent with those embodied in the document "Freedom and Planning." Many leading questions as to Planning were asked of witnesses before the Committee by Dr. Sutch, the aforementioned economist employed by the late Coalition Government, and at the time of writing on the staff of Mr. Nash, Minister of Finance. The other Government official attached to the Committee, Mr. B. C. Ashwin, Assistant Secretary to the Treasury, also exhibited distinct leanings towards Planning in an address delivered by him at the annual meeting of Wellington branch of the Economic Society of Australia and New Zealand in June, 1934. As reported in the Press Mr. Ashwin said: "Are we being forced into a position of creating a greater local market for our butter, cheese, and meat? If so, some thorough economic planning, to be followed by resolute and concerted efforts to obtain efficiency in various directions, will be necessary if our present standard of life is to be maintained."

Already under our New Zealand Labour Government we

have had enactment in 1936 of control of the export trade by State purchase of primary products for export at prices to be fixed from time to time by the Government, and legislation has been brought before Parliament also for Government licensing and regulation of industry.

It thus appears that there is prospect of New Zealand industry being modelled to a large extent on the lines laid down in the document "Freedom and Planning," except that the control will probably be by State Departments instead of Statutory Corporations. The full implications of the document and the nature of the forces that lie behind it are thus worthy of the attention of all thoughtful New Zealanders, just as much as they demand attention in Britain itself. Our Government should not permit us to be linked to an international system, nurtured in secrecy, and designed for ends we know not. If Planning is devoid of real benefit we should beware of being entrapped into it before we have realised what is happening to us.

Chapter VII.

RETROSPECT AND PROSPECT

1. BRITON AND JEW

IN the preceding chapters glimpses have been given of the personnel behind certain world events during the past quarter of a century. As only a portion of the material collected by the author has as yet been presented to the reader's notice, no attempt will be made in this volume to draw any very broad conclusions. Certain facts, however, may here be noted.

To begin with, there is the curious part played by a small group of international financiers in the three great events of the period—the European War, the overwhelming of Russia, and the post-war economic chaos. Hovering in the background of these events four men are found—Schiff and Warburg in the United States, Cassel in England, and Ballin in Germany. The two former are seen dominating the financial policies of the United States and standing close to the President's ear. Cassel in England is similarly found as a potent adviser to those in power. In Germany Herr Ballin is seen as the closest adviser of the German Emperor. All these financiers were Jews: all were associated and interconnected in business.

Schiff was somewhere in the background of the Marconi scandal. Cassel and Ballin were active in the negotiations and intrigues preceding the outbreak of war in 1914. Cassel formed a great armaments combine in the years before the war, and this armaments combine has been named in the Lloyd George war memoirs as failing to supply to Russia munitions of war as contracted, and by its default helping to precipitate revolution in that country. Schiff and Warburg are named by many well-informed persons as financing the

international Jewish revolutionaries who thereupon overthrew Russia. Schiff and Warburg were promoters of the great money-controlling machine set up in the United States, the Federal Reserve system, the operations of which have been accompanied by booms and slumps dislocating industry over the entire globe, and shaking the existing order of things to its foundations.

These men are all dead and gone to their last account. Their activities extended into many fields, but the basis of their power was finance. Grouped around their operations, and of more recent years extending and completing those operations, have been innumerable Jews of all kinds. There is no disguising the fact that the great disturbing forces of finance and revolution are associated with a pronounced Jewish racial atmosphere, and, furthermore, that these forces interlock. Finance creates want and discontent: revolution profits by that want and discontent to stir the masses of the people to overthrow established order, and to urge them to exterminate their existing national leadership. The main-spring of the whole process is financial power, and misused financial power at that. The implications of this fact we shall consider presently.

There is to-day a great movement propagated throughout the world preaching internationalism, and decrying patriotism and racial solidarity as out of date. But race is a most potent factor in human affairs. The great families of mankind possess distinctive characteristics. Each has its inbred qualities and its inherited traditions, and each has its destiny to fulfil. Among the various human races the Jewish race occupies an exceptional and peculiar position. A very fair statement of that position is to be found in a recent work, "The Ancient World," by T. R. Glover (Cambridge University Press, 1935). Mr. Glover writes of the Jews as follows:

" . . . Here is a people, far more conscious of its race to-day than ever it was under the Jewish kings. No longer a nation, they are scattered all over the world, eager everywhere to take on a local colour, but everywhere conscious that nobody believes in this local colour; they are an alien race wherever they are. Foreigners and Orientals still, they intermarry only among themselves; they maintain tribal customs and ceremonies, which their fathers practised in the days when Pericles guided Athens; for they know that the continuance of their race depends on nothing but the maintenance

of rite and taboo and the refusal of Gentile marriage. No other race of the nearer East survives so stubbornly or so distinctively. It is all so singular that it takes thought to realize how singular it is; and its explanation lies in a remote and half-hidden past."

The proceedings of Jewish international finance and the Jewish Bolshevik conquest of Russia raise questions of the highest importance to all other races. Two great forces of disintegration are at work, both markedly Jewish in personnel. They are both aggressive forces, undermining the national institutions of other races. There is no escaping the fact that a Jewish Question exists and very urgently demands examination.

In speaking at the annual dinner of the Oxford Jewish Society Lord Erleigh, who has since succeeded his father as Marquis of Reading, was reported in the London "Jewish Chronicle" of March 8, 1935, as making reference to "the Jew's difficult task of living both for his community and his country." This statement by a high-placed member of the Jewish race is worth consideration. It is a candid admission that the Jewish community has interests which are not identical with the interests of the nation in which this community is domiciled. It is a further admission that the Jewish interest and the national interest are not easily to be reconciled. It is to be presumed that some Jews succeed in effecting such reconciliation, while others do not. A divided allegiance exists. The Jewish community and the nation are two separate entities.

When a Gentile speaks of this separateness of the Jews and the nation he is dubbed an anti-Semite. But no progress can be made in a solution of the Jewish problem until there is first of all recognition—not in any offensive way, but as a simple matter of natural fact—that the Jews are everywhere and always a separate people. A small fringe of Jews is all the time breaking off and losing its racial identity by inter-marriage with the general population, but the Jewish mass remains permanently distinct and separate. The Jew has persisted through all recorded history: there is no reason to think he will not so persist in the future.

Throughout the nineteenth century there was no Jewish Question in the British Empire. The British interest and the Jewish interest appeared to be almost identical. Mr. Hilaire Belloc in his book "The Jews" (Constable, 1922), even went

so far in describing the situation as to say that the British people had virtually entered into an alliance with the Jews and were the first nation in the world ever to do so.

Since the Marconi Affair, the "Hidden Hand" agitation through the War, the rise of Bolshevism, and the post-war financial manipulations, a feeling has become widespread that there is now great and growing divergence between the Jewish interest and the British interest. In commenting on this cleavage General Ludendorff, Chief of the German General Staff through the War, made an interesting observation in his book "The Coming War" (Faber and Faber, 1931). He said: "The majority of the English do not realize that, having done their duty by the inner Jewish circle, they have now got to disappear as a world power."

There are large assumptions in this statement. It presupposes that there is an "inner Jewish circle:" that such inner circle, assuming it to exist, has no further use for the British Empire: and, finally, that this means the end of the British Empire. Even if General Ludendorff's premises are granted, his conclusion does not necessarily follow. There is nothing in history to indicate that in case of divergence between Jewish interest and British interest, the Jewish interest must inevitably prevail. So far as the past is a guide to the future it shows that when divergence of interest became manifest between Briton and Jew in a former age it was the British interest which asserted itself. The Jew was informed that his room was preferred to his company: he was given four and a half months' notice to depart from the kingdom: and he did so depart, and the ban was maintained against him for a period of 365 years.

The first Jewish settlement on British soil endured for two and a quarter centuries: the second Jewish settlement has now endured for two and three-quarter centuries. Historically considered, no reason exists for assuming that the second settlement must necessarily be of a markedly higher degree of permanence than the first. The Norman conquerors brought the Jews with them as a convenience to themselves: the Jews managed the finances of the kingdom and rose to great wealth and power: in the King's Courts the oath of a Jew was accepted against the oaths of twelve Englishmen: the Jew enjoyed the royal protection. The English race accepted and absorbed their Norman conquerors. The Jew they neither accepted nor absorbed. The presence of a foreign

body in the national organism was found by the people to be an inconvenience: the Crown bowed to the will of the people, and the Jews were banished from the realm on All Saints Day, 1290. The banishment endured until the year 1655.

There was never any formal re-admission of the Jews. The Jews of Amsterdam, in pursuit of their own ends, sought permission of Oliver Cromwell to enter Britain. Cromwell, for reasons of his own, variously described by his contemporaries, desired to admit them. He was quite unable to obtain any approval of his project from the councils he called to consider the matter. Says the Jewish historian, Albert M. Hyamson ("A History of the Jews in England," Methuen, 1928): "The merchants, without exception, spoke against the admission of the Jews. They declared that the proposed immigrants would be morally harmful to the State, and that their admission would enrich foreigners at the expense of the English." Cromwell dismissed his counsellors and then turned a blind eye upon the semi-surreptitious influx of the Jews. The settlement of the Jews was thus dictated entirely by considerations of Jewish advantage. It only took place because the English feelings of aversion, though strong and decided, were not sufficiently pronounced to make a Jewish settlement impossible. The presence of an uninvited guest was uneasily tolerated.

Nor does it appear as a matter of historical fact that the British race is unequal to conducting its affairs without Jewish assistance. English achievement during the period of 365 years in which the Jew was absent compares favourably with that during the periods before and after. The Elizabethan Age, for example, has always shone in English annals with a lustre of its own, even though almost the only known Jew in the kingdom was the physician Roderigo Lopez, said to be the original of Shylock, and hanged for attempting to poison England's Queen. The Elizabethan authors and poets, with Shakespeare at their head; the voyagers and discoverers, including Raleigh, Drake, Hawkins, and Gilbert; the statesmen; and the companies of merchant adventurers, were each in their respective spheres fully as competent as those of later and earlier ages.

Nor did the commerce of the country suffer with the Jew no longer on the scene. Picking up an old school history, the eye lights upon the following passage: "The greatest and

most rapid expansion of English trade took place in the reign of Elizabeth. London now began to take the foremost position in commerce of all the towns of England—a position which it has held ever since. The wealth of the traders of London was the envy and amazement of foreign travellers. The Italian Ambassador wrote home: 'In one single street, named the Strand, leading to St. Paul's, there are fifty-two goldsmith's shops, so rich and full of silver vessels, great and small, that in all the shops in Milan, Rome, Venice, and Florence put together, I do not think there are to be found so many, or of the magnificence to be seen in London.' (Professor Meiklejohn's "History of England and Great Britain," 1899.)

If the British Empire of to-day is unable to stand without the prop of Jewish support, as General Ludendorff appears to assume, the modern Briton is a most unworthy descendant of the sires of old who begot him. The Briton's present difficulties arise from the fact that he is an unsuspecting person, and the peculiar racial associations of the aggressive and interlocking forces of international finance and international revolution have not been brought to his attention. There is no valid reason to assume that when they do command attention they will not be effectively disposed of in a manner consonant with British traditions of fair play and preserving British racial interests.

It is the author's object to bring under notice the fact that there really is a problem requiring solution, and to throw as much light as possible on the nature of that problem. There is nothing whatever to become excited about in the Jewish Question. It is a question as old as history, and recurs periodically. As Hilaire Belloc has pointed out, the course of events has time after time in many countries run in a cycle. First a welcome to the Jews, then a gradual development of feelings of exasperation, and finally an explosion. Solutions have been many times attempted by violent action, but they have not been noted for either satisfactory or enduring results. It should be the object of all good citizens to seek a solution just to both parties before the situation has become dangerous.

Although the popular Press is silent on the subject there has undoubtedly been a marked growth of feeling during recent years. One finds evidence of this in various Jewish publications. For example, the London periodical "World

Jewry" in its issue of January 18, 1935 (vide "Patriot," 21/2/35) even went so far as to write: "Given a certain political situation, we are not more than thirty months behind the Jews of Germany." This statement appeared in a manifesto issued by the World Jewry Fellowship in which the following passages are found: "You cannot be 'English' Jews. We are a race, and only as a race can we perpetuate. We have little to lose; let us come out into the open and assert: 'Yes, we are international Jews!'" A few weeks later, in its issue of March 8, 1935, the same journal was recorded in the "Patriot" as urging amendment of the British libel laws to make expression of anti-Semite opinion a criminal offence. It commended the legislation in this connection enacted shortly before in Manitoba at the instance of a Jewish member of the legislative assembly there. A much better solution would be to put the Jewish house in order. And if the Jews are unable to do this for themselves, others will have to do it for them. The best cure for anti-Semitism is an examination of its causes and action to remove those causes. Suppression of the truth will solve no problem.

2. A FINANCIAL OVERDOSE

At the moment the British race, in common with other races, is suffering from a severe overdose of Jewish finance. The "American Hebrew" has been quoted as stating in its issue of September 10, 1920: "The Jew evolved organized capitalism, and its instrumentality the banking system." If Gentile admirers of the Jew Karl Marx would pay as much attention to fact as they do to theory they might make some surprising discoveries as to the precise racial origins of many notorious evils of exploitative capitalism. The banking system developed in Britain shortly after the reappearance of the Jews in 1655. The historical evidence points to the claim of Jewish origin as well founded. The leading characteristic of banking is lending money, or pretending to lend money, which the banker does not possess and has no expectation of ever possessing. Simultaneously with banking, stock exchange speculation developed in Britain under Jewish auspices. A leading characteristic of stock exchange speculation is selling, or pretending to sell, stocks and shares belonging to other people, and depreciating the value of these people's property by these sham transactions.

Thirty-three years after Cromwell had let the Jews into Britain a Dutch Prince arrived from Amsterdam surrounded by a whole swarm of Jews from that Jewish financial centre. Driving his royal father-in-law out of the kingdom, he graciously consented to ascend the throne of Britain. A very natural result following on this event was the inauguration of the National Debt by the establishment six years later of the Bank of England for the purpose of lending money to the Crown. Britain had paid her way as she went until the Jews arrived. The pawnshop was then opened, and the resulting situation in which the nation finds itself to-day could not be better described than in the words put by Shakespeare with prophetic vision in the mouth of the dying John of Gaunt:

This blessed plot, this earth, this realm, this England, . . .
This land of such dear souls, this dear dear land,
Dear for her reputation through the world,
Is now leas'd out, (I die pronouncing it)
Like to a tenement, or pelting farm:
England, bound in with the triumphant sea,
Whose rocky shore beats back the envious siege
Of wat'ry Neptune, is now bound in with shame,
With inky blots, and rotten parchment bonds:
That England, that was wont to conquer others,
Hath made a shameful conquest of itself.

The history of the second Jewish settlement in Britain is one long trail of parchment bonds shackling the nation in debt. Every step in the ascent of the Jew in the nation's affairs has been marked by the increase and multiplication of debt. The culmination was reached when under the Asquith and Lloyd George War Ministries, surrounded by the Marconi Scandal Jews, the European War was financed by the fictitious lending of £6,000,000,000 of completely non-existent money. The bare-faced fraud of these proceedings was capped after the war by an audacious contraction of the means of payment, and the consequent wholesale wrecking of British industries and reduction of millions of the people to destitution.

The financial difficulties in which we here in our own little country of New Zealand find ourselves, are difficulties of Jewish origin. In 1870 a Jew, Sir Julius Vogel, was Colonial Treasurer, and dangled before the people a showy and specious scheme for the construction of public works by annual loans in London. Despite the protests of many wise

and patriotic citizens, the people succumbed to temptation. And what has been the result? Not one shred or vestige of benefit was derived from this annual borrowing policy after the first fifteen years of it had elapsed. From that time onwards we were simply going to London each year and borrowing more money to pay the interest on what we already owed.

This is not hyperbole, but a plain and sober statement of fact. Any person who cares to make an analysis of the Government accounts can verify it for himself. If the amounts paid in interest charges are taken out and compared with the new borrowings, it will be found that from 1885 onwards as much has come out of one pocket on an average as has gone into the other. Actually, the position is even more unfavourable than this, for we owe a lot of money we never even saw. To get the full toll of our folly, loan flotation costs have to be taken into the count, and it has been a very common ambition of our Treasurers to bury them out of sight. Allowance has to be made for Government securities floated off at a discount. Sir Julius Vogel himself, for instance, in 1875 took his loan authority to London in person and through the Rothschilds sold £4,000,000 of New Zealand $4\frac{1}{2}\%$ securities for a return of £3,620,000 net, the public debt by this one transaction going up by £380,000 more than the Treasury received.

Recent official figures showing the dead loss of the borrowing policy are to be found on page 195 of the New Zealand Government Year Book for 1936. It is there set out that in the twenty years from 1915 to 1934 the amount owed abroad by the Government and local bodies increased by £96 millions. In the same period the amount paid in interest on the external loans of the Government and local bodies totalled £120 millions. This simply means that during the period we paid £24 millions of our external interest bill by proceeds from the sale of produce abroad, and paid the other £96 millions of interest by borrowing more money to do it.

Money borrowed abroad comes into the country either in the form of imported goods or gold. In our own case it practically all arrives as goods. If our New Zealand overseas trade figures are examined it will be found that up to 1885 we had a pretty steady excess of imports over exports: we got more than we gave. After that year—the turning point in the whole business—we had a steady excess of exports: we gave

more than we got. All the benefits of Jewish finance were dead. If we had owed nothing in 1885 we could have paid cash for every public works job put in hand after that date. Every mile of the 1800 miles of railway since constructed would have been interest-free; our hydro-electric plants would have carried no interest burden; all the millions lent to settlers and others would have come from taxation interest-free. All this could have been done without any greater burden of taxation than we have borne while plunging into reckless debt for all these things. The Jewish borrowing policy was nothing but a trap from beginning to end.

In 1885 New Zealand had a public debt of £33 millions. Its public debt is now £280 millions. The average rate of interest on that debt has been $4\frac{1}{2}\%$. If the reader inspects a book of compound interest tables he will find that a debt of £33 millions compounded at $4\frac{1}{2}\%$ for fifty years will total £297 millions at the end of that period, which is just about what our public debt has done. It is the product of compound interest consequent on borrowing each year money to pay the interest on what was owing before. There is nothing that can stand up against compound interest. In the same period that our debt increased ninefold, our population increased only fivefold. If we continued the annual loan policy for another fifty years on the same basis we would be owing £2,700 millions at the end of it, four times as much as the British National Debt at the outbreak of war in 1914, and (if population increased at the same rate as in the past, which it is not doing) we would have only 8 million people to bear the burden of that debt, as against the 46 millions Britain had in 1914 to carry a quarter of the amount.

The only possible end to the system of Jewish finance adopted by New Zealand in 1870 is the complete and total ruin of the country and the enslavement of its people. It is a system of death and destruction. A seductive bait was dangled before the peoples eyes, and they grasped at it. Once the process of borrowing was started no Government has ever had the moral courage voluntarily to discontinue it—except once, for a year or two—and any Government which for long refused to borrow money would almost certainly have been hurled from office amid the execrations of the people. So long as the moneylenders were willing to continue to lend us back what we paid them in interest, back we went to borrow it.

The reader who has not studied these matters will probably be surprised to learn that the British Government Committee on Finance and Industry (the Macmillan Committee) in its report in 1931, recognized this system of lending debtors the money to pay interest on what they owed before as the whole basis of the present abominable system of finance practised in the City of London. In paragraph 184 of the Macmillan Report it is stated, in discussing international investment, that "creditor countries must, unless they are ready to upset the economic conditions, first of debtor countries and then of themselves, be prepared to lend back their surplus instead of taking it in gold." In other words, they must lend back the interest paid to them: this compounding of debt is part and parcel of the system.

It will be noticed that in the passage quoted from the Macmillan Report the curious qualification appears: "unless they are ready to upset the economic conditions." What is the meaning of these words? Do they mean that at some point the moneylenders would be, or might possibly be, ready to upset economic conditions by refusing to continue lending money to pay interest on debts already owing to them? They did so refuse after the world slump began in 1929. The debtor countries in consequence of that refusal were under great financial stress and pressure. They were then advised to do various things. New Zealand, for example, was advised to establish a Reserve Bank. Although no statement was ever publicly made that it had been similarly "advised" to establish a Mortgage Corporation, it would appear highly probable that it was so advised.

The various Governments were further advised to "balance their budgets": in other words, the quantity of money in circulation must not be increased by the Government obtaining credit from the banks. In Britain a National Government was formed under financier pressure to face the crisis, and the result of this step was the extinction of the Liberal Party, leaving a situation in which the only alternative to government on supposedly Conservative principles was government on Socialistic principles. Jewish politicians were prominent in forming this National Government. In New Zealand similar steps were taken. The Liberal Prime Minister, Mr. Forbes, in 1931 returned from a visit to London, the money-lending centre, and presently set to work to form a National Government. The result was the extinction of the

Liberal (or United) Party led by him, and the restriction of choice by the electors to Conservatism or Socialism. Severe financial pressure was applied to the people by the National Government thus formed. The people revolted from this rule, and at the next ensuing elections the Socialist Party was put into office with a large majority.

The entire sequence of events was thus that actions were taken under pressure from high finance in London which, step by step, led in the most natural way to the installation in office of a Government pledged to a policy of Socialism. The point thus arises, Were the consequences of this application of financial pressure foreseen by those who applied it, and has it had the result of causing the electors of New Zealand to do what the London financiers wished them to do? Or are the London financiers unintelligent people, applying pressure which produces results contrary to their desires? There is considerable evidence of premeditation and deliberate intent in the whole chain of events in connection with the world depression.

We have the fact, to begin with, that the system of debt-manufacture by the lending, or pretended lending, of non-existent money—which is the basis of banking—has necessarily and inevitably led to an enormous compounding of debt. Under this system nearly all business is conducted on bank credit—that is, imaginary money—and to get this bank credit people have to go into debt. Then every time the interest the people pay on this debt is re-invested by those who receive it—and this re-investment goes on all the time—new debts are created. A great pile of debt thus goes snow-balling up. Every ten years or so this load becomes so great as to be unpayable. What is known as a commercial crisis then takes place. The situation is cleaned up by lenders taking possession of property pledged by borrowers against their debt. The result is that all the time ownership is concentrated in fewer and fewer hands. Great businesses swallow up little businesses, for it is the small man who keeps going under all the time and the trusts and combines which keep growing greater and greater. If the system were continued long enough a few money-lords would own everything on earth.

Such is the inevitable end of the sham-money system of debt multiplication. As we have seen, the Jews claim that this bank-credit system was their invention. As we have also

seen, away up at the top of it are a small number of Jewish international financiers. If these financiers presently appeared as the owners of everything on earth they would undoubtedly be most unpopular men. There would be a great public outcry, and they would almost certainly be dispossessed, and probably have to flee for their lives to escape an infuriated populace. The Jewish moneylenders in Russia in the past had this experience periodically, and the sympathy of the outside world was successfully enlisted on their behalf. As it is, the financiers pay away a lot of money to have boards of directors of highly respectable Gentiles sitting on many of the great combines they run, and themselves keep out of view to a large extent. It would seem as if the system must run to a deadlock, and reach a point at which it becomes far too dangerous to proceed further.

Continuation of the system of trust and monopoly creating if carried through to the end would result in one gigantic trust owning everything. Now, it is a very curious thing that this is exactly the Socialist programme, the programme of the Jew Karl Marx. The ownership of everything is to be taken over by one great trust. It is to be taken over in the name of the proletariat, of the people. In theory the people will own everything. Actually, the people individually, under full-fledged Socialism, will own nothing at all. But everything will be owned in their name, and will be controlled and operated in their name. The actual controllers of everything will necessarily be a very few men. They will give the orders, and the people will have to obey—that is, so long as a majority of the people is willing to obey, or the controllers have the means of enforcing obedience.

This system of conducting affairs by one big trust, as advocated by Karl Marx, has so far been tried only in one country, in Russia. It has been noticeable there that the men in charge are largely Jewish, and leaders who are not—like Lenin and Stalin—are usually found to be married to Jewesses. It has further been noticed that Jewish international finance seems to have an excellent understanding with Jewish Socialism. The Russian Five Year Plan has been supported, as we shall see in a later volume, by an immense amount of money and material provided from outside sources under the control of international finance. Then there is the further fact that the watered-down forms of Sovietism being established under the New Deal in the United States and

under Planned Economy in Britain have both distinct Jewish associations. The same is true also of the similar system of Fascism in Italy conducted by the former Socialist Mussolini, as we shall see in a later volume.

In theory the Socialistic One Big Trust State is to be operated entirely in the interests of the people. The actual mode of operation in Russia under the so-called Dictatorship of the Proletariat makes an interesting study: the contents are not easily to be reconciled with the label on the package. At the moment the control appears to be growing slightly less rigid. In Russia, with absolute control over all property, the monetary system sinks to a secondary place. Elsewhere it is noticeable that the Communistic, Socialistic, and Planned Economy movements all possess the common feature of taking advantage of the distress consequent on the defects of the monetary system to urge regimentation of industry as the remedy. Their interest in liberating industry and freeing the people by remedying monetary evils is distinctly lukewarm, in so far as it exists at all. They want possession of the monetary machine, but only for the purpose of furthering the one-big-trust idea. The British Planned Economy document, as noted in the preceding chapter, even expresses satisfaction with the Bank of England machinery in Britain.

The foregoing considerations raise a question in the mind as to whether, by any chance, international finance regards itself as perfectly competent to control a Socialistic State, and views the spread of Socialistic ideas as entirely in conformity with its plans, whatever they may be. Whatever answer we may be inclined to give to this question, we have to admit that the interconnections of international finance and Communism leave a lot to be explained and accounted for.

3. NEW ZEALAND LABOUR POLICIES

In view of the facts set out above the exact position of the New Zealand Labour Government with respect to monetary policy deserves close scrutiny. There is very little doubt that desire for some action on the money question was an important factor in the elections in November, 1935, second only to discontent with the financial measures of the late Coalition Government. There is also little doubt that international finance will endeavour to use the Labour Government for its own ends, just as it has used all other Governments.

The Labour Party deserves high commendation for its prompt action in extinguishing private ownership of the Reserve Bank. This is the essential to any sound step in establishing an honest money system. In its legislation transferring control of the bank to the Crown considerable extensions of power were bestowed. The legislation was defective, however, in that—as has already been pointed out—no principle was laid down on which those powers were to be exercised. The Labour Party in Parliament bestowed vast powers on the Executive, but put no clear direction in the law as to the manner in which those powers were to be used. The New Zealand pound remains as before inconvertible paper money issued on no known principle of regulation. This is not a satisfactory or proper position for any monetary unit. The only definite direction given to the Reserve Bank is that contained in section 10 of the amending legislation enacted in April, 1936, which reads as follows:

“It shall be the general function of the Reserve Bank, within the limits of its powers, to give effect as far as may be to the monetary policy of the Government, as communicated to it from time to time by the Minister of Finance.”

This is simply the transfer of despotic power over the currency from the Reserve Bank as formerly incorporated to the Executive. If we are to live under a despotism, it is much better that it should be a despotism which can be called to account from time to time through the ballot box. Money is the measure of value. Our object should be to make it a just and constant measure of value. We should not be satisfied if the Labour Party passed legislation laying it down that: “The pound avoirdupois, the yard, and the gallon shall be such measures of weight, length, and capacity as may be communicated by the Minister of Labour from time to time to the Chief Inspector of Weights and Measures.” The public demands, and is entitled to, something much more definite and permanent than this for the measures of things passing across the counter in one direction. It should be our business to see that the measure of what is passed across the counter in the other direction has all the definiteness and permanence we can possibly give it. It is the most important measure of all.

The direction given the Reserve Bank in the Act of April, 1936, is not to be reconciled with the very emphatic

declaration made by Mr. Savage, Leader of the Labour Party, in an election address at Auckland Town Hall on November 22, 1935. Mr. Savage was reported in the Press as taking strong exception to a statement just previously made by the then Prime Minister, Mr. Forbes. Mr. Forbes had asserted that if the Labour Party were returned to power "the Reserve Bank would pass into the hands of Labour politicians instead of being controlled as at present."

In quoting and commenting upon this statement, Mr. Savage was reported by the Press Association as saying: "I give that an emphatic denial, and reports of my speeches throughout the country will substantiate my objection to the Prime Minister's deliberate misrepresentation of the Labour Party's policy. I have repeatedly stated that it would be the duty of a Labour Government to lay down a policy to be administered by experts and not by Labour members."

The policy actually laid down four months later was that contained in the section of the Act quoted above: that the Reserve Bank is to act as directed "from time to time" by the Minister of Finance. Nobody would interpret Mr. Forbes's prediction as meaning that Labour politicians would themselves sit in the Reserve Bank office and in person hand out bundles of Reserve Bank notes across the counter. Nobody would call it "laying down a policy to be administered by experts" to have the Reserve Bank at the end of a telephone from the Treasury and receiving variable instructions "from time to time" from the Minister of Finance as to the basis on which the issue of money is to be regulated. Yet that is what the legislation amounts to. It may be that the Government wishes to clarify its ideas on this matter before writing into the law a permanent direction to the Reserve Bank as to the principle of issue. There can be no shadow of doubt that such principle should be laid down by Parliament.

As is well known, the Labour Party has long had as its objective: "The socialization of the means of production, distribution, and exchange." The Labour Party has come into office in consequence of the depression, which depression arises from the dislocation of private enterprise consequent on lack of the means of payment in the hands of the people. As stated, Labour candidates received a large amount of support at the polls from electors who believed that the party intended to restore to the people a normal supply of the means of payment, thus enabling the industry of the country to

of regimented industry. What the people look for is the best they can get out of private enterprise, and the best they can get out of State enterprise.

This point has been elaborated because there are indications that Mr. Nash, the Labour Minister of Finance, leans distinctly to a system of regimentation of industry as in itself an essentially beneficial thing, and that his interest in monetary control is largely as a first requirement for the imposition of such a system of regimented industry. That was the tenor of his evidence to the Government Monetary Committee in 1934. Mr. Nash then enlarged at length upon the necessity of a Planned Economy. His ideas, so far as they went into detail, were in their general lines not far from those embodied in the document "Freedom and Planning," to be found appended to this volume: the difference was that he advocated State control instead of the P.E.P. idea of control by statutory corporations. In introducing the Labour banking legislation on April 3, 1936, Mr. Nash explained that the Labour Party desired State control of the Reserve Bank "not exclusively for the purpose of assuming the control, but because nothing else can be done of real import until the major factor is under the control of the Government."

Mr. Nash proceeded to state that there were three schools of monetary thought: one advocating monetary reform as an end in itself; a second, viewing existing conditions as inevitable; and a third, the Labour Party school, holding that control of the monetary machine was the first step towards policies of socialism. The case for monetary reform as an object in itself was dismissed by Mr. Nash in a few curt words such as might have been used by any bank chairman. He said: "One school affirms that, if we give it control of the monetary system, within a comparatively short time—sometimes a week, sometimes a month, sometimes a year—it will solve all existing problems."

That he desired the exercise of monetary power for the purpose of effecting an extensive regimentation of industry was indicated by Mr. Nash in the following statement in his speech:

"We will have to determine the right type of commodities to be created, and in what fashion, and we will continue that policy so long as it is humanly possible."

In his evidence before the Monetary Committee in 1934 Mr. Nash enlarged upon the desirability of full State control of the external trade, both with respect to exports and imports. The first step in this direction was the recent legislation authorizing the Government to pay guaranteed prices for exported primary products. This legislation gives the Government a monopoly over the exportation of products the price of which is guaranteed. The Government purchases the products and itself exports them and markets them, disposing of the proceeds at its discretion. A portion of these proceeds will naturally be required to pay the Government interest bill in London: the remainder is normally disposed of through the banks to traders and others wishing to make payments for imported goods or for other purposes.

"We propose," said Mr. Nash, in his speech on the Banking Bill, "to achieve complete control of sterling credits overseas, and to give power to the Government to suspend the right of anyone to get sterling." This means, of course, complete Government control over the import trade. Mr. Nash added that overseas credits would "only be made available to anyone who wants to utilize them for the benefit of New Zealand."

This is a statement that the Labour Party intends to prescribe who shall be allowed to import, and what shall be allowed to be imported. And it has power under its legislation to do this either by public regulation by Order in Council, or if it prefers, by private communication from time to time to the Governor of the Reserve Bank. The powers conferred are those of an Oriental despot, and give unrestricted authority for the Executive by secret instruction to the Reserve Bank to enrich or ruin individual citizens by differential treatment. As the law now stands the Minister of Finance by notice in the Gazette may relieve the Reserve Bank of its existing obligation to sell sterling credits to anyone presenting the prescribed amount in its notes. Having issued this notice, the Minister has power, if he chooses to exercise it, to censor all applications for sterling, giving to one trader and withholding from another. By secret instruction through the Reserve Bank the right of a trader to import goods can thus be taken away completely, and his business destroyed. No reason need be given, and no appeal lies to any quarter. This is probably the most amazing legislation ever placed upon the Statute Book of New Zealand. The freedom of the merchants and

traders of New Zealand to go about their accustomed lawful business now lies entirely in the hollow of the hand of the Minister of Finance. If this legislation has been enacted by the Labour majority in Parliament in a moment of aberration the sooner Labour members recognize its total incompatibility with the "true, ancient and indubitable rights and liberties of the people of this kingdom"* the better for the Labour Party's reputation. The British race has never been slow to affirm those liberties in face of open encroachment.

The Labour Party policy of guaranteeing prices for particular commodities—the first commodity to be taken in hand being butter—is a wholly different thing from bringing an increased quantity of money into active circulation until commodity prices and values as a whole are restored to a normal level, and the means provided for the reabsorption of the unemployed at good wages. This is the objective of those who regard monetary reform as an end to be desired in itself. Monetary reform is neither a Socialistic nor an anti-Socialistic policy. It is simply a proceeding aiming at economic justice to all the people. The guaranteed price policy is not a monetary step at all: it is a first step in what must undoubtedly be an extensive policy of regimentation. A little consideration will show that this is so.

If the guaranteed price is an attractive and profitable price, its natural tendency will be to bring into being an increased production of the particular commodity so guaranteed. The Government is purchasing for resale. It can only buy as much as it can sell. It cannot go on buying indefinitely all that everybody likes to dump on the wharf for export. If excess offers, how is the position to be met?

The answer is that if American and British experience under regimentation schemes is any guide, a system of licensing individual farmers and telling them just what they are to produce, and how much they are to produce, must almost inevitably follow. The instances quoted in the two preceding chapters of the potato-control systems in the United States and Britain are very much in point. The farmer will conduct his operations with a corporal over him handing him his orders if such a system as this develops, and it appears

*Declaration of Rights, 1689. In Magna Carta and on nearly all subsequent occasions of crisis in English history the demand has been for the restoration of the ancient and inherited rights and liberties of the English race.

to be an almost inevitable development. Penalties must necessarily be provided for disobedience of orders passed down. Consequential extensions of the power of coercion to those who deal in farm products, as well as to the farmer himself, begin to loom in sight. The principle of coercion once introduced must tend to spread like a disease. The farmer will no longer be free to use his own judgment as to what he raises and sells. His status as a free man is destroyed.

A system of regimentation such as indicated must necessarily have profound effects upon the national character, if, indeed, the national character does not make it quite impossible for any Government to impose it. The desire for personal freedom is deeply implanted in the British race. Coupled with it are marked characteristics of independence and initiative. Our race is exceptionally distinguished by the way in which individual Britons in all parts of the world have pioneered in the solitude of the wilderness, hewing out homes for themselves and relying on little beyond their own resource and courage. Anything which tends to sap away and undermine these racial qualities is necessarily destructive of the integrity of the race itself. It has been our pride that the free conditions of life in the overseas dominions of the British Empire have developed a marked degree of resourcefulness and enterprise among their peoples. Environment undoubtedly plays an important part in liberating and nurturing these innate qualities. This fact has been remarked by many people.

In his published letters the late Walter H. Page, United States Ambassador to Britain during the war, in recording what he then observed, described Americans and colonials as "Englishmen set free." In commenting on the difference between the Anzac and Suvla Bay landings at the Dardanelles in 1915, Captain C. E. W. Bean, in the Australian official history of the Great War, remarked that it would have to be left for future historians probing unflinchingly for its cause to determine the reason for the Suvla Bay failure. He then proceeded to give the view prevailing among his own countrymen, saying: "Many of the Anzac troops, on whom it left an enduring impression, attributed it . . . partly to the inexperience of the troops, but largely to causes which lie deeper. . . The men had doubtless the high qualities of their race, among them orderliness, decency, and modesty. . . But the necessary quality of decision, which even a few years' emancipation from the social restrictions of the Old World appeared to have bred

in the immigrant, was—to colonial eyes—lacking in the Suvla troops.” In a footnote, the historian added: “The New Zealanders fighting on Chunuk Bair were in their antecedents separated from the men of the Suvla force by at most a generation—often by only a few years of colonial life.”

These passages pointedly exhibit the fact that the very qualities upon which Planned Economy lays a chilly and paralysing hand are qualities which, by their presence or absence, make and break nations in their hours of destiny. Is it not a fatal mistake to think that by schemes of regimentation and repression of initiative we shall bring either greatness, happiness, or prosperity to our country and our Empire?

Happily, there is evidence that in the ranks of the New Zealand Parliamentary Labour Party there are men with the vision to see that the immediate necessity in dealing with our economic difficulties is to go to their root cause and remedy the defects in the existing monetary system. It is possible that many of them have not grasped the full implications of the contrary policy, still at this writing in embryonic form. It is certain that the public at large has as yet no realization of what that policy implies.

4. THE CASE FOR HONEST MONEY

The benefits to be gained from a stable and honest monetary unit are so immense, and the circumstances so favourable for securing them to a very full degree, that it would seem a great misfortune to allow the opportunity to pass without effective action. In the appendix to this volume the case for a Planned Economy is fully set out in the document “Freedom and Planning.” It so happens that a presentation of the case for monetary reform has been made in a Canadian periodical by former Senator Robert L. Owen, of the United States. In order that the reader may perceive for himself the vital difference between the two lines of action it is very much worth while considering what Mr. Owen has to say.

Mr. Owen is a man highly qualified to speak on these matters. As stated in Chapter V, he is a bank director of forty-five years’ standing, was a member of the United States Senate for eighteen years up to 1925, and for the last twelve years of his service there was chairman of its Banking and

Currency Committee, in which capacity he introduced the legislation setting up the great Federal Reserve system, with the operation of which system he has long ceased to be content. Few men are competent to speak with equal experience and knowledge on questions of monetary control. The article by Mr. Owen now cited appeared in the April, 1936, number of "The Instructor" (Gardenvale Study Club, Gardenvale, Quebec).

In dealing with the difficulties with which American agriculture and industry are confronted, Mr. Owen, as previously noticed, directed attention to the enormous shrinkage in bank loans to business people. According to the figures cited by him, the total loans of all banks in the United States were contracted from a peak figure of 40 billion dollars at the end of June, 1930, to 20 billion dollars in January, 1936. He further pointed out that the vast borrowings and immense expenditures of the Roosevelt Administration, while protecting the country from dangerous internal disorders, had not resulted in any restoration to industry of this lost working capital. The tabulated figures at the end of Mr. Owen's article show that in June, 1932, prior to the Roosevelt regime, bank loans totalled 27½ billions, and a year later were down to under 22½ billions, from which point they steadily declined to 20 billions in January, 1936.

Mr. Owen very strongly urged that the Administration, having by its 1935 legislation conferred almost unlimited powers on the Federal Reserve—just as New Zealand's Labour Government has taken almost unlimited powers over the Reserve Bank—should direct the use of those powers to place the monetary system on a sound basis. The preference of the Roosevelt Administration, however, has so far been for a system of industrial regimentation; just as in New Zealand we find the Labour Government tending to this line of action.

The basic principle on which money should be regulated is thus stated by Mr. Owen: "There are still some economists in their secluded libraries who still think that the gold dollar is the only sound money. This fallacy is slowly vanishing and can never survive. The American people, having hard common sense, perfectly well understand that the only sound dollar is a dollar of uniform, permanent, debt-paying, purchasing power. They have seen the stupendous collapse of the gold standard, its utter futility, the wreckage it has brought. . . It has been a deplorable matter that the Congress of the

United States should, for a century and a half, have ignored its plain duty to create the money which was needed to supply the people adequately and with a sufficient amount of money as a medium of exchange for the maximum production of which they are capable when fully employed."

Pointing out that the creation of money as the medium of exchange is a constitutional duty expressly lodged with Congress by the Constitution, Mr. Owen quotes figures showing that the petty coins and paper money manufactured by the Government transact only about 5% of the business of the country. The money created by bank loans transacts the other 95%. This bank credit has been periodically contracted and expanded, and, says Mr. Owen, "it is well known as a historical fact, that there were those who were not innocent, who directed the trend of expansions and contractions, the evidence of which has been set forth in many volumes. Certainly I, as president of a national bank, received a circular letter in 1893, advising the contraction of credits which immediately followed what appeared to have been a wholesale propaganda of someone interested in the creation of that depression and the harvest which follows the destruction of value by such process. This harvest is reaped by the money masters who keep all of their property in cash or its equivalent and who can take advantage of the debtors who are compelled by depression to sacrifice their property. In January, 1907, I was confidentially told by J. A. Ownbey in the Marble Room of the Senate at Washington, in extreme confidence, that there was 'going to be a big put on in stocks and bonds.' In answer to the question, 'How much of a squeeze?' he replied with a meery grin, 'Just enough of a squeeze to make the fellows let loose that can't hold on.' I saw immediately afterwards the calling of loans, systematically pursued until call money on exchange in October, 1907, went to 125%. This man was in the service of a great international banking house. The famous secret meeting of May 18, 1920, of the Federal Reserve Board, the Federal Reserve Advisory Council, and 36 Class A Directors, and their agreement, secretly made, to put on a drastic deflation of credit and currency, is notorious. (See Senate Document 310, February, 1923.)

"The Constitution of the United States did not contemplate private persons manufacturing the money of the country, or indefensibly expanding or contracting it for

private profit, yet that is what we have witnessed every decade for a century. It should never be permitted to occur again."

After detailing the great alterations in the banking and currency laws made under the Roosevelt regime, Mr. Owen takes a more optimistic view of the prospects of reform than he exhibited in earlier articles, saying that the legislation "gives convincing evidence of the sincerity and efficiency of the Administration" in the matter. Whether or not the Roosevelt Administration does the right thing (which has yet to be seen) detracts nothing from the value of Mr. Owen's views as to what should be done. These views he next proceeds to set out as follows:

"It is an axiom well established and incontrovertible that the value of money depends upon the supply of money in relation to the demand for money. This axiom, set forth in five different forms, is expanded by Gustav Cassel, Professor of Economics of Stockholm University, Sweden, and the greatest master of monetary science in Europe. His exposition will be found in the volume known as "Post-War Monetary Stabilization." . . . In this volume Cassel illustrates and demonstrates the truth of the axiom by every country in Europe. For example, France in multiplying its money supply five times, cut the value of its money to one-fifth its previous purchasing power. Italy, in expanding its money four times, reduced the value of its money to one-fourth its previous purchasing power. Germany, in expanding its money a million times, reduced its money to zero, and was compelled to re-establish its money by making new money. When the axiom is clearly recognized that the value of money is due to the supply of money in relation to the demand for money, the problem is simplified. It must be remembered, however, that money in the United States is credit and currency and that credit transacts 95% of our money business and currency only 5%.

"The superannuated disciples of the gold standard deny the truth of the axiom that the value of money depends on the supply, and try to prove their case by pointing out that the supply of money was about five billions at the beginning of this depression and is over five billions now. With amazing unintelligence, they think of money as currency only, and they think of money as having no value except the gold with which it is redeemable.

"The redemption of our money in gold is of no value to the citizen, since he does not want gold and could not get it now if he did, but no citizen would refuse legal tender paper because of this fact, nor would he refuse a good check on a solvent bank which serves his purpose as well or better than gold money. The money of the United States in 1929 was not 5 billions, as the traditional professors of economy contend, it was 5 billions of currency and 55 billions of bank credit. . . This fact the 60 odd professors composing the National Committee on Monetary Policy have not realized."

After quoting further figures showing the contraction of the means of payment during the depression, Mr. Owen points out that "the true wealth of the country remained the same, that is, the land, the forests, the water power, the fisheries, the factories, the machinery, the railways, the telegraph and telephone, the labour of a most industrious people were all here," but their market value in terms of money was reduced to about half the previous value by contraction of the supply of money in the hands of the people. Mr. Owen then deals with a point with which great play has been made in New Zealand by defenders of the system of private manufacture and destruction of the means of payment:

"Men say the banks are full of money, by which they mean that under the law which forbids a bank to make a loan unless it has an average of 10% reserves, they could now make loans freely because they have nearly 20% reserves. It is true the banks have a legal right, but that is not the point. The point is that the banks are afraid to make loans when the country is depressed. They are not full of money. They are full of demand obligations to pay cash on demand of their depositors. The deposits, payable on demand, are a liability and not an asset, and the banks do not wish to make loans on property when property is not freely saleable, when property is not being sought by those who have the money. Banks will lend on a rising market, or in times of great industrial activity. It has been said that the fault is that borrowers do not wish to borrow. Borrowers do not wish to borrow when business is inactive, when people do not have enough credit in the banks to freely buy what they want and people do not like to buy property on a falling market. They will buy freely on a rising market when everybody is employed and able to buy the commodities and services of others. The destruction of 20 billions of working capital [by contraction of bank loans]

threw out of employment nearly 15 million people. In order to restore the producers and merchants who have been put out of business by the contraction of 20 billions of working capital, this working capital must be restored and increased in proportion to the increase in population and increased productive machinery. The question is how to do this.

"The answer is not difficult—it is perfectly clear that all the United States has to do is to instruct the Federal Reserve Board of Governors to create the money needed for such purposes under the powers of the Banking Act of 1935. [In New Zealand the Government can do the same thing under the Reserve Bank Act of 1936.] Let the Government quit issuing interest-bearing bonds, but in lieu or in place of selling bonds to the member banks, let the Government buy the bonds already issued. . . Let the Government buy the public debt and pay for it with credit in the Federal Reserve Banks. Let them fund the bonds so bought, make them perpetual 3% interest bearing bonds, and let such bonds be held by the Federal Reserve Banks available for sale to the public in case of any undue inflationary expansion of credit by the member [trading] banks.

"The first effect of such purchase would be to add to the reserves of the member banks, probably 30 billions. The banks, would then be in a position to meet all demand obligations of depositors out of actual credit convertible into currency on demand. The banks would be impregnable and they could make more money than they did before by a reasonable service charge on depositors for bookkeeping and safeguarding their deposits. Moreover, they could lend freely under such conditions of stability and money supply because industry, production, and consumption would be greatly stimulated.

"The Government of the United States could cut down its taxes by at least half since the budget would no longer be charged with interest on the public debt or with amortization charges because there would be no public debt, except the debt of the Government to its own controlled subsidiary—the Federal Reserve Bank.

"The debtors of the country would find their property restored to normal and they would be able to liquidate their debts or re-adjust their debts on a more favourable basis.

"The farmers of the country would for the first time in history get a uniform, satisfactory price for their products

and thus be enabled to buy the products of the factories and city workers.

"In order to accomplish this reform, the Congress should authorize the Treasury to call or make payable the bonds of the United States upon a reasonable notice. In order to prevent speculation in stocks or real estate or commodities, the Federal Reserve Board is in a position to absorb increased deposits by the sale of the 3% funded debt above referred to."

By purchasing Government securities, as Mr. Owen proposes, the Reserve Bank increases the quantity of money in circulation. This money has to find employment. The Government being no longer in the market as a borrower the money has to be invested elsewhere. The funds available for industry are thus increased. With the increased supply of money looking for employment interest rates will fall. Low interest rates will make it more attractive to invest money in industry and enterprise on a partnership basis—that is, in shares with the return on the investment varying according to the prosperity of the undertaking—and less attractive to invest in debentures and mortgages carrying a fixed rate, unvarying no matter whether times are good or bad. With money maintained at all times in sufficient supply for the needs of industry it will be safe to invest on a partnership basis by shares or otherwise. This is the most healthy form of investment for any community.

Mr. Owen proceeds to point out that by purchase of the public debt the Government could expand credit to whatever extent is found desirable. He continues: "Credit could be expanded by the reserve banks still further by authorizing them to buy state bonds, and municipal bonds. If the Government of the United States should in this manner buy its entire outstanding bonds and obligations with credit, it would increase the reserves of the member [trading] banks by a like amount, making a total of member bank reserves of about 35 billions. As the banks have about 20 billions of loans to business people, it would enable them to increase these loans 15 billions with 100% reserve.

"There has been in progress for several years a propaganda against expansion of credit under the 'bogey' scare of inflation. Inflation means unjustified expansion of credit or currency. It means an expansion of volume which would be unfair to the creditor by cheapening the dollar below its normal value. Until the dollar is restored to its normal value it is impossible

to have inflation. The public is confused by the term 'inflation.' . . because of the misuse of this word in the press by those opposing a needed expansion.

"In order to ascertain what amount of expansion is necessary we have a very good index in the money which the banks and their customers manufactured for their requirements. They had manufactured, as previously stated, 55 billion dollars and now require for the added population in five years and the increase of productive power, 15% more, or about 9 billions more than they had in credit and currency in 1930. It would appear to be the constitutional duty of the Government of United States to create this amount of money and to require the banks to carry 100% reserves against their deposits. . .

"In the event that there should be any inflation of credit by the banks, there are several ways of checking it:

"(1) Raise the margin on loans for speculative purposes to 100%. This the Federal Reserve Board has power to do.

"(2) Forbid banks to make loans for purely speculative purposes in the stock market, or in real estate. This the Federal Reserve Board has also power to do.

"(3) Sell the bonds which the Federal Reserve Board bought, and in that way absorb the excess deposits by transferring the credit from the member [trading] banks who create checking accounts for the public to the reserve banks where such credits are not so employed.

"(4) By taxes which would absorb deposits and permit them to be retired in the same manner.

"(5) By raising the rates of interest and by increasing the reserves required of the banks. This the Federal Reserve Board has power to do.

"And there are other ways in which credit could be controlled when inflation began to affect the stability in the value of money. . .

"For many years the Government of the United States has kept an accurate [price] record of 784 commodities in the wholesale markets, and the Federal Reserve Board could determine what would be a fair index for measuring and regulating the value of money by taking the index which would be found when all American labour was employed and using that as a basis for future regulation of the value of money, making such index 100.

"Then, whenever the commodity index went to 99 and the dollar index to 101, it will be known that money was a little too scarce and should be expanded. If on the other hand the commodity index went to 101 and the dollar index to 99, it will be known that the dollar was too cheap and should be contracted. By the use of this index and the means above described, the Federal Reserve Board and the Federal Reserve Banks as the agents of the Congress and of the people of the United States, can regulate the value of money by regulating the supply of money, that is, of bank credit and currency. In this manner the pledge of this Administration to give the country a sound currency can be accomplished, and the people will enjoy for the first time in our history a dollar of uniform, permanent, debt-paying purchasing power with benefits beyond all human calculation."

5. HOW THE PEOPLE WOULD BENEFIT

Mr. Owen, after going over the way money has been mismanaged of recent years in the United States, proceeds to describe the benefits to be derived by changing over from private manufacture of the means of payment to full Government control as provided for in the Constitution and with the issue expanded and regulated, as set out above, to maintain money stable in purchasing power at a level employing all employable people. He continues:

"The profit motive would put such money at work in buying properties, in developing properties, in supplying the unlimited wants of a great nation, whose demands would have no limit. The tremendous growth of invention and of mass production machinery, and the desire of the human race for comforts, conveniences and luxuries, will give employment to such capital and will enable labour to have shorter hours and higher wages in producing and exchanging services and commodities with each other. . . The production in the United States, where the United States used its credit, for the benefit of all the people in the country, should very greatly increase, and along with it increasing the revenues of the Nation, of the States, of cities and counties, and of corporations and persons, enabling a reduction of taxation to take place. The amount of new capital annually required to be created by the United States, should make unnecessary the high Federal taxes which now annoy and disturb the people. It would make

it unnecessary 'to soak the rich,' or to soak any class of property owner. Nuisance taxes could be and should be abolished.

"The Effect on Taxpayers.—Under the policy proposed, Federal taxes could be reduced to one-fourth of what they now are because the public debt would be retired without cost and working capital would double not only Government revenues, but private income and corporate income, and make taxes more endurable. Moreover, the Government of the United States in buying municipal bonds and bankable assets, through the Reserve Banks, would make a great earning for the Government to take the place of taxes, which now come out of the pocketbooks of the taxpayers.

"The Effect on Bankers.—Under these conditions, the bankers could expand real estate loans and commercial loans, and at the same time could have a reserve with the Federal Reserve Banks so large that no banker would have any fear of his depositors because his depositors would have their deposits represented by reserves, not of 10%, but up to 50% or 100%. Suppose, for example, that the United States bought its outstanding debt. It would increase the reserves of the member banks about 30 billions, so that they would have reserves of about 36 billions, which would be a 100% reserve against 36 billions of loans or 16 billions more loans than they have now. But under stable conditions, where business men could make their contracts with dependability, with certainty, that the dollar was not going to change in debt-paying purchasing power, we should have public confidence restored to a maximum. Under conditions of guaranteed stability by our Government, business life would have a new charm. Fear will vanish and men of prudence can undertake great enterprises and carry them through with success. This has been impossible in the past, and with the doubling of Government income, of corporate and private income, with the doubling of our National production, our great banks and our small banks will be the beneficiaries, as they deserve to be, for they fill a useful part, a most valuable part, in our national economy. They will continue to be merchants of credit without having the power to destroy themselves by private uncontrolled and indefensible expansion and contraction of credit through undue optimism, or unwise pessimism.

"The banks will have 50,000,000 depositors, whose numbers and deposits will greatly increase. A service charge

of \$1 a month on 50,000,000 deposits would make a return of \$600,000,000 per annum, and the depositor should be subjected to a service charge sufficient to adequately compensate the bank, and leave the bank also its earnings from interest. One of the evils which has afflicted the banks and their borrowers in the past has been rates of interest which deprive the people of reasonable return for their services. The people of Belgium prior to the World War, for fifty years, had an interest rate of 3% without a break, and our banks are now lending money to the United States Government at an incredibly low rate. The interest rates to the United States people should be reduced, for it is the interest on 250 billions of private, corporation and government debts that is taxing the American people at the rate of a billion dollars a month. Under the new plan of constitutional money the banks would have a stability and prosperity they have never known. . .

“The Effect on Business Men.—When business men are absolutely assured of stability in business; that the people at all times will have an adequate amount of money with which to buy the products and services of each other; when they know that the danger of bank failure has ended; when they know that they can get credit in reasonable amounts for productive purposes and that business life and business enterprise are the basis of dependable security, business life will become a joy to self-respecting, industrious, honest men. The ghastly record of business failure will cease.

“The Effect on International Exchange.—When America, by public control of credit, restores this country to maximum employment and production, and stable conditions of credit, and a dollar whose uniform, permanent, debt-paying purchasing power is guaranteed, our production would far surpass anything of the past. . . Backed by the opportunity of converting that dollar into gold at \$35 an ounce, for international trade purposes, the American dollar will become the standard measure of value for the whole world. Gold will then have been made a stable measure of value, not only in our foreign commerce, but gold will have a dependable, debt-paying purchasing power, because it will be thirty-five times a stable dollar. . . Any nation can follow our example and regulate the value of its own currency by regulating the supply in relation to the demand, but we can never have any assurance on this point, and for that reason should never peg our currency to that of France, Great Britain, Italy, Germany or Russia. . . .

We haven't had understanding enough yet to stabilize our own money, and until we do, and until the other nations of the earth have shown an equal capacity to regulate and stabilize their own currencies, the idea of international stabilization is not only preposterous, but a fraudulent suggestion, undeserving of serious consideration. Let each nation stabilize its own currency. . . [This fraudulent stabilization is the only sort of stabilization the Bank of England ever talks about. The Niemeyer policy was for New Zealand to peg its money to the unstable money uttered by the Bank of England.]

"The Effect on Labour.—When the Government creates an adequate supply of money to furnish all the working capital required by our people for transacting the business possible in this country under favourable circumstances, there would be available all the money that is needed with which to employ all employable people and pay them good wages for reasonable hours. Moreover, when all the people were employed at labour, producing the goods and services needed by each other there would be twice as much of such goods and services and of wealth for the producers to consume as consumers. The producers and consumers are the same people and all they need is an adequate supply of money to enable them to produce and exchange their products and services.

"The Effect on the Cost of Living.—The Labour leaders have been frequently used against their own interests by being told by their money masters that the expansion of the money supply would raise the price of commodities and create a high cost of living without creating at the same time higher wages, better hours and stability of employment. This fallacy, which should be apparent is met by the evidence of the last two decades. It was pretence of 'a persistent attack on the high cost of living' by 'a courageous and intelligent contraction of credit and currency' (Republican Platform, June 10, 1920) that elected Harding with the immediate result of throwing five million people out of employment and having labour grind the face of labour by cruel competition. In the last depression, the contraction of credit has thrown 15,000,000 out of employment, and brought them face to face with starvation and public and private charity. Furnishing the people with an adequate supply of money would double the value of their production and greatly increase the volume of things which labour will then consume. When the volume of commodities

doubles it has a tendency to reduce the price by competition.

"The Effect upon the Rich.—The plan here set forth, in doubling the production of wealth, would give greater opportunity to those whose ambition leads them to the further acquisition of wealth. When you double the creation of wealth, you double the opportunity for those who desire to acquire more wealth. But there would be this difference. Everyone would have an equal opportunity. The opportunity which a few have had in the past of creating wealth for themselves by taking it from others would no longer exist. The old system taught some people to believe that the more they took from others the more they had for themselves, whereas the fact of the matter is that the more we help those about us to help themselves the more we have for ourselves, and the more enjoyable does life become.

"Moreover, the plan proposed would cut down the taxes of the rich by cutting down the needs of the Government for higher taxes.

"It would do much more than this for the rich. It would remove the menace of crime which is created by National distress. It would remove the danger of a change of government, leading us to Socialism, Fascism, Nazism, or Communism. It would establish forever the highest form of an intelligent, peaceful, happy democracy, where all the people could cherish each other in bonds of mutual respect and affection.

"The Effect upon Women.—Men transact the business of life normally, but women are the creators and preservers and custodians of life itself. Women have charge of the family purse, and they feel far more keenly than men the effects of a cruel depression and contraction of money, which deprives them of the opportunity of feeding, clothing, sheltering, nurturing, educating their babes and children, and they suffer with the deepest anxiety the distress which faces the father when he is not only thrown out of employment, but finds it impossible to sell his labour at any price. His inability to get the necessities of life for his wife and children is a stark, grim tragedy, which the mothers of the land most deeply feel. When the government of a country discharges its constitutional duty of creating an adequate supply of money and of regulating the value thereof, women are among the chief beneficiaries."

Such is the able summary made by Mr. Owen of the immense advantages to be gained by the people of the United States—and of any other country—by adoption of constitutional money, maintained in adequate supply for the needs of the people and regulated so as to be a true measure of value. Mr. Owen, with his long experience, is under no delusion as to the enormous power that will be exerted in opposition to any such reform. He points out that for many years a tradition was built up that the only money deserving of human confidence was money in the form of gold and silver. But actually these metals have no independent stability of purchasing power whatever. Silver when in demand for currency purposes rose to \$1.29 per ounce; when it fell into neglect for such purposes its value fell as low as 25 cents an ounce. Gold is in no better case. Its index of purchasing power was 145 in May, 1913; 60 in May, 1920; 107 in June, 1921; 167 in February, 1933, and about 125 in 1936. Mr. Owen continues:

“The Gold Standard theory is advocated by the Economists’ National Committee on Monetary Policy, consisting of some sixty or seventy respectable, amiable gentlemen, whose thinking powers have been paralysed by tradition, and the orthodox discourses which they daily deliver to the unprotected youth of America daily attending their lectures.

“They expound a doctrine which has been extremely profitable to a comparatively few sagacious and financially powerful people, who in the past, for at least a hundred years of which we know the record, have kept their properties in the form of cash available on demand or in government securities which they could convert into cash on demand. The agents of this group have known how to profit both on bull markets and bear markets, but particularly on bear markets where cash or credit would earn, not 3% interest or 6% interest, but 500% interest every ten years through panics and depression created by ‘the indefensible expansion and contraction of credit for private profit at public expense.’ We have no interest in discussing either the motives or the personalities of those who promote such operations. They are human, very human, and take advantage of the weaknesses and lack of understanding of the mass of mankind, and of public servants who are uninformed, easily misled, and often persuaded by incidental benefits through co-operating with the advice of their powerful counsellors. In behalf of the

intrigues which lead to depression, propaganda is employed which misleads the people and their officials by skilled exponents who employ terms of double meaning.

"For example, they use the word 'inflation,' which means unjustified expansion, as synonymous with justified expansion. They use the word 'deflation,' which is justified contraction, as synonymous with unjustified contraction. They use the word 'money' as synonymous with currency only, when in truth money means credit and currency, which is twenty times as big in service and normally twelve times as big in volume as currency in the pockets of the people. They use the words 'sound money' to describe gold coin, when sound money can only mean in a true sense money of a uniform, permanent, debt-paying purchasing power. They use the words 'stabilization of international money' as meaning an international agreement by which all money will consist exclusively of a gold redemption money of a fixed number of grains, when international stabilization of the purchasing power of money is incapable of accomplishment except in the manner heretofore described in this previous chapter.

"They frighten the Labour leaders with the idea that any expansion of money would be inflation, when they perfectly well know that any inflation (that is, unjustified expansion) is impossible until justified expansion has restored the country to normal.

"They are opposed to restoring property to normal value or relieving the debtors of the country by restoring a normal supply of credit, because their agents are now busy picking up office buildings, hotels, and other buildings of future great earning power as rental properties, because they can under this depression enrich themselves by buying such properties at from a third to half their real value. The people of America should take note of those who are employed as the propagandists, who oppose the public control of credit and currency.

" 'Eternal vigilance is the price of liberty.'

"A study and the understanding of money, how it is manufactured, and by whom; the study of constitutional money created by governments, and how government can regulate its value, is a solemn patriotic duty resting upon every adult citizen, more particularly members of governments (federal, state, provincial, and municipal).

"The problem is easy, provided we keep ourselves clear of the confounding and confusing jargon of economic literature poured forth in endless volume by the disciples and followers of our money masters. This treatise has been prepared by your would-be servant, to make clear what money is, what United States money is, and what Constitutional Money is and should be. This article has been dictated in your interests and for your service, and without any hope, expectation or desire for reward whatever, for the public service it is intended to be performed.

"It has been written for the benefit of both the rich and the poor, the learned and the unlearned. The evidence upon which it is based can be found in great detail in the Bureau of Research of the Federal Reserve Board and in its Library. . . "

* * * *

Mr. Owen's article has been quoted at length for several reasons. First, because of the high authority and great experience with which he speaks. The views he expresses are the views of a man who as a banker has been handling monetary matters on the practical, everyday side throughout his whole working life. They are the views of a man who sat in the United States Senate for many years, and during a great part of that time as chairman of its Banking and Currency Committee was virtually custodian in its behalf of the monetary affairs of the nation. Secondly, the article is reprinted because it is an exceptionally clear and able statement of the case for remedying monetary troubles by monetary measures. Enormous effort has been expended throughout the world to prevent any step of the sort being taken: so far, that effort has been successful. Thirdly, the article has been quoted very fully in order that the reader may compare the case for Honest Constitutional Money set out by Mr. Owen with the case for Planned Economy set out by Mr. Israel Moses Sieff in the document called "Freedom and Planning" and printed in full in the appendix to this volume. By comparing the one statement with the other the reader has the material for forming his own judgment—entirely independently of any opinion expressed by the present author—as to which course of action is likely to be most beneficial to his country.

Mr. Owen is not by any means alone in his proposal that the United States Government should fulfil its Constitutional

duty to create the necessary supply of money to enable the nation to conduct its business in a satisfactory manner. A recent volume is "100% Money" (Adelphi Coy., 1935), by Professor Irving Fisher, Professor of Economics at Yale University, and long a foremost advocate of the stabilization of money in purchasing power. In this book Professor Fisher urges, exactly as does Mr. Owen, that opportunity should be taken of the departure of the United States from the gold standard to require that henceforth banking and commerce shall be conducted on a basis of solvency, with 100% reserves of actual currency available on demand at all times against bank liabilities to pay currency on demand to depositors. Professor Fisher, like Mr. Owen, also urges that this should be achieved by the Government buying from the banks the necessary Government securities for the purpose. His book opens with a foreword by Mr. Robert H. Hemphill, manager of the Atlanta Federal Reserve Bank, one of the twelve regional reserve banks which, with the Federal Reserve Board, constitute the United States Federal Reserve system. Other bankers are quoted in the book as supporting action along these lines of public debt extinction and financial solvency.

6. WHAT NEW ZEALAND MIGHT DO.

There can be no doubt whatever that the two greatest benefits that could be conferred on the people of New Zealand would be (1) the institution of Government money maintained in sufficient supply for the needs of the people, and so regulated as to have a constant debt-paying, purchasing power; and (2) the extinction of the public debt of the country. All, or very nearly all, the benefits which Mr. Owen describes as obtainable from such reforms in the United States are equally obtainable here. The one great difference is that we have an external debt, and the United States has not. Our external debt is not payable in our own money, but in the money of Great Britain. To repay this external debt, and to pay interest on it, we are obliged in some way to obtain possession of a sufficient supply of British money for the purpose. This we do by exporting produce to Britain and abroad. Of recent years there has been difficulty and hardship in securing enough sterling even to pay the interest. This is consequent on the action of the private and secretly owned corporation, the

Bank of England, in contracting the supply of means of payment in the hands of the people of Britain, and so reducing the ability of the British people to pay normal prices for our products. The British people instead of remedying the defects of their monetary system, have been led by wire-pulling and propaganda to embark on policies such as those advised by Mr. Israel Moses Sieff for the regimentation of industry and the imposition of quotas, and there is every indication that this Jewish policy, supplementing the previously-taken actions of Jewish international finance, will further increase our difficulties in paying our way in Britain.

It so happens, however, that our Reserve Bank and trading banks have at present large supplies of British funds in hand over and above their normal requirements. This is consequent on the action of the late Government in raising the price of sterling in our money at a time when the people were without the means of paying an increased price.* The people not having the means of paying the increased price fixed for sterling—that is, the higher exchange rate on London—a great accumulation of unsold London funds piled up. The Government statistical abstract for April, 1936, shows the Reserve Bank and the trading banks together as holding a surplus of overseas funds over overseas liabilities of £44 millions in New Zealand currency, equal to about £34 millions in sterling. There can be very little doubt that the Government would confer a great benefit on the people of New Zealand if it took over all these overseas funds above what is required for normal trading purposes, and used the amount thus acquired for the permanent reduction of the external public debt, now standing at about £160 millions.

As a consequence of the imposition of an artificial

*The greatest confusion of thought exists with regard to the exchange rate. With New Zealand money stabilized in purchasing power the exchange rate would vary whenever sterling fluctuated in purchasing power. Low prices in Britain would mean a high exchange rate: high prices in Britain a low exchange rate. This fluctuation in the exchange rate would give the New Zealand farmer producing for export a steady, dependable income. It would not hurt importers as it would be a natural rate due to operation of demand and supply, and it could be safely left to find its level by importers bidding it up or down as sterling was scarce or plentiful; they would never bid it up beyond a point profitable to themselves. The late National Government made the mistake of imposing an artificial rate instead of bringing more money into circulation and leaving the exchange rate to go up in a natural way by operation of demand and supply.

exchange rate, higher than the people had the means of paying, New Zealand has so far been prevented from acquiring anything of tangible value in exchange for many millions of produce exported since the rate was raised. A great accumulation of unused purchasing power belonging to the people of New Zealand has piled up in London to their own detriment, and to the detriment of the British manufacturers and workers with whom they would have done business had they not been prevented by the exceedingly unintelligent bargain of our late Coalition Government with the local banks.

This deprivation has now taken place. The people have gone without the imported commodities they might have had: and the millions of money that might have paid for them lie still unspent. It should be the business of our Government to see that these millions are employed to the greatest possible national advantage. The people must be recompensed for their deprivation. No greater benefit can be conferred than by using this money to extinguish overseas public debt. It may be that steps in this direction have already been taken by our Government. By so applying these accumulated millions in permanently extinguishing external debt, the people of New Zealand can be relieved for all time of an annual burden of between one and a half and two million pounds.

The only way we can get rid of our external debt is by ceasing to borrow more abroad, and by setting aside an annual sum for the purchase of New Zealand Government securities held abroad. If we gave a Debt Extinction Commission a million in sterling per annum to be applied in this way, it would mean that instead of interest compounding against us, as in the past, we would have it compounding with us. Each year the Commissioners would have available for re-purchase of securities not only the annual million voted out of taxation, but also the interest on the securities already bought by them. In ten years they would be reducing debt by £1½ millions a year, in fifteen years by £2 millions a year, in twenty-five years by £3 millions a year. In forty-eight years the external debt would be completely extinguished. If an annual grant of £2 millions were so applied the overseas public debt of £161 millions would be wiped out in thirty-five years.

This was the method of debt extinction proposed by William Pitt at the time of the Napoleonic Wars. A great sinking fund was established by him, and as Sir Archibald Alison points out in his "History of Europe" it wiped out £238

millions of debt between 1792 and 1813, and would have wiped out the entire British National Debt by 1845 had it been continued. The sinking fund, however, met with the greatest opposition from the financiers and was reduced to next to nothing, and the debt of the Napoleonic Wars was still standing unpaid when the Great War came in 1914—but it had been paid five times over in interest. The moneyed interest did not wish the nation ever to get out of debt. This was very clearly shown by the speech of Mr. Vansittart, Chancellor of the Exchequer, when the sinking fund was knocked to pieces on his motion. Speaking in the House of Commons on March 3, 1813, Mr. Vansittart said: "The great danger of the sinking fund, which has now become an engine of such vast power and efficiency in the State, is that it will soon come to reduce the debt too rapidly. If the contraction of loans ceases it will, ere long, pay off twenty, thirty, nay, forty millions annually. . . . Such an event would produce effects upon the credit investments of the country too formidable even to contemplate. All our financiers, accordingly, have concurred in the necessity of limiting in some way or other, this powerful agent of liquidation."

It is highly probable that if we did make an effort to extinguish our debt in London we would incur the hostility of the financiers there. They are powerful and can pull many secret strings to cripple us. There is not the least doubt, on the other hand, that to go on borrowing is to sell our liberty and everything we possess to we know not whom. There is no liberty or future possible for either ourselves or our Empire until this evil cancer eating at the vitals of the nation is destroyed.

Our internal debt is in different case from the external debt. It now totals about £117 millions, and it can be progressively reduced by re-purchase by the Government as suggested by Mr. Owen. New issues of currency by the Reserve Bank, as necessary for business of the community, can be applied to no better purpose. The present writer has on past occasions suggested that new issues of currency should be used by the Government in lieu of loan money for public works purposes, and so forth. It would, however, undoubtedly be immensely more beneficial to apply them in reduction of the internal debt, collecting by taxation all money required for public works purposes. Consequent on repayment of the debt, there would be the increased money in circulation to enable

the increased taxation to be paid with no more difficulty than the present taxation, and every million of internal debt extinguished would relieve the people of all time of the burden of interest on that million. To expend new issues of currency directly on public works and for other Government purposes, while leaving the internal debt unreduced, would be a far less beneficial policy than action along the lines suggested by Mr. Owen.

The object of an intelligent monetary system should be to maintain the maximum supply of money in circulation which can be absorbed without inflation of prices and values above the level adopted as 100 or par. By the provision of an adequate supply of Government money expanded as required to meet the need of the community, the entire present debt economy could be gradually extinguished and the whole business of the country put on a cash basis with untold benefits to all. Statesmanship can have no higher aim than to work steadily towards this objective.

Financial pressure produced by the continuous multiplication of debts is the most potent driving force in the world to-day. Although control of money is the great instrument of power, it is extremely difficult to believe that any solution of our national problems can be attained by concentration on monetary principles alone. Such reform will not be achieved until there is understanding of the human background of the monetary mechanism. The only clue to the maze is knowledge of men and their motives. The men and certain of their actions we can trace: the motives we have to infer and deduce from the actions. The existing monetary system is inherently fraudulent in that it is based upon lending money not in the lender's possession, and in large part not in existence at all. Financial power in the last analysis rests upon nothing but a profound study of the art of playing upon human weakness and frailty, and of thus managing, deceiving, and corrupting nations and their leaders. In this task of deception both the good impulses of men and their evil impulses are equally exploited. Innumerable movements intended for the betterment of mankind are penetrated, perverted and turned from their true course. Even in the matter of monetary reform itself there is intense propagation of delusive theories incapable of practical application and leading only to complete confusion of the public mind on the whole question. There can be no remedying of our national ills without reform of the monetary

system, and it is mere futility to expect to achieve any successful or lasting reform of that system without awareness of intensely active and potent human forces behind it. Failing this we shall get nothing but sham reforms, and all our efforts will be subverted. It is men with whom we have to deal, not machines.

Whether or not it falls to the author's lot to complete the volumes he has planned, it is his hope that what he has brought together here may inspire others to test for themselves its truth, and having so tested and proved it, to labour unceasingly for the preservation of those rights and liberties so hard won by their forefathers. Let us not throw away our inheritance, but rather let us build upon it and enrich it. In age after age our race has re-asserted its title to the liberties won of old. "By adhering in this manner to our forefathers," says Edmund Burke, "we are guided, not by the superstition of antiquarians, but the spirit of philosophic analogy. In this choice of inheritance we have given to our frame of policy the image of a relation in blood, binding up the constitution of our country with our dearest domestic ties, adopting our fundamental laws into the bosom of our family affections; keeping inseparable, and cherishing with the warmth of all their combined and mutually reflected charities, our state, our hearths, our sepulchres, and our altars." There is work for the British race to do in the world, but that work will never be done unless we cleave to those principles of truth and justice upon which alone enduring greatness can be founded.

APPENDIX A

"FREEDOM AND PLANNING"

The following is the full text of the document "Freedom and Planning" secretly circulated in 1932 by the inner councils of the members of the Political Economic Plan, otherwise known as "P.E.P." The then chairman of the organization, Mr. Israel Moses Sieff, is the reputed author of the Plan, as noted in Chapter VI. For convenience of reference the headings in the document have been numbered:

1. COLLAPSING CIVILIZATION

This generation is faced with the threat of a world collapse of modern civilization and the advent of a period comparable with the dark ages which followed on the collapse of the Roman Empire in the fifth century A.D.

We are apt to regard such statements as pleasantly scarifying, pardonable exaggerations in the mouths of those who are trying to spur us to action against the very real ills of the times, but not meant quite seriously.

The threat is serious.

Chaos will overtake us if we cannot show intelligence enough to extricate ourselves.

For more than a year now nothing has enabled civilization to keep some sort of course and to ride out the storm except the immense momentum of ordinary economic processes and the inertia of habit and custom. It is the resisting powers of these forces and human intelligence which has thus far staved off the collapse.

They cannot bring us back prosperity, but they may suffice to carry the world through the immediate crises. If so, we shall for a time be able to live on our capital, the material capital stored up from past generations, the intellectual and moral capital of men and women trained for civilization and citizenship. But what chance will the next generation have, if half of them find no employment for their youthful energies, and all of them are living under the oppression of hopelessness and decay?

What forms collapse will assume no one can foresee. It may not come suddenly. More probably there will be a gradual decline with fleeting periods of revival.

2. SHRINKING CREDIT AND SHRINKING TRADE

Modern life depends on world-wide interchanges of goods and services. These in turn depend on confidence and credit. Confidence and credit are being progressively impaired. Without them it is impossible to maintain for long not merely existing standards of life but even life itself for a large proportion of the world's population.

Imagine the plight of Great Britain if the complex economic and financial machinery which supplies the vast bulk of our population with its food were to cease to function. Such a catastrophe is not, it is true, as yet in sight, but this machinery depends wholly on confidence and credit, and with dwindling world trade and social and political trouble growing in other countries the moment is not far off when we shall be unable in these islands to support either present standards or our present aggregate population.

Applied science puts at man's disposal foodstuffs, raw materials, services of all kinds, in ever growing abundance, enough not alone to maintain existing standards of life but to raise these standards for all far above the highest now enjoyed by any of us.

Only our intelligence and powers of organization and our moral and spiritual capacity to work in mutual co-operation with each other are proving insufficient to meet the growing complexity of the machinery for regulating production, distribution, and consumption.

First one then another vital part of the machine is being thrown out of gear. Increasing friction is being generated in the effort to distribute to the consumer that which man is producing. The quantity of things produced and things consumed declines. The volume of world trade, both of internal trade within each country and still more of international exchanges of goods and services, is progressively lessened.

3. WORLD-WIDE ECONOMIC DISTRESS

Cracks are appearing everywhere. In China and in India economic distress is both aggravated and concealed by the social and political unrest of which it is the main root.

In South America revolution has become endemic and all but one or two of the most solid countries are financially in default.

In central and south-eastern Europe financial default is imminent, but that is by itself of little moment in comparison with the consequent social and political upheaval which will follow. It is open to question whether the populations of Germany and central Europe can be fed and kept alive next winter and how long any organized government can control the situation in these countries.

In the United States of America loss of confidence is absolute. The strain of material suffering in a population none too homogenous, accustomed for generations to rapidly increasing prosperity, may lead to a break-down of existing institutions and forms of government. The outcome is unpredictable, but the consequences throughout the globe may be catastrophic.

World disorganization, famine, pestilence, and the submergence of our civilization are visible on the horizon.

4. WHY?

Not because nature has been niggardly. Not because individual human achievement or capacity have grown less. They have won ever greater and greater triumphs over nature and throughout the material field in the last two generations.

These triumphs have been won by an ever-wider and even bolder application of the principle of division of labor, till man's powers of large-scale organization have been overstrained. He can control and adapt his own human nature and so to work together with the human nature of his fellows as to fit them and himself into their proper places in the organization without losing for himself and for them all that makes life worth living.

"Mankind is not clever enough to control the machine which he has created."

There is no lack of human good will and desire to serve our generation. Yet all of us are acutely conscious of the exasperating frustration of our best efforts. We see the evil plight to which we and the world are being reduced, and we confess that for the moment human intelligence seems bankrupt.

5. A RESPITE?

This essay cannot concern itself with remedies for the immediate crisis or with the means by which we may hope to restore for a time some semblance of order in the world's economy. It is necessary to assume that, whether with or without the help of intelligent human leadership, the economic structure will find within itself enough powers of resistance to secure for us a temporary respite.

6. BRITAIN'S PLIGHT

Great Britain and some parts of the British Empire have in some degree improved their own position since last autumn. Absolutely the improvement in Great Britain has been small, though relatively to other countries it is striking.

This achievement is of real value to the world, even though some part of it has been made at the expense of added difficulties for others.

It has been attained thanks to a remarkable demonstration of the self-discipline and well-disposed spirit of public service and the sober imperturbability and reasonableness of the British citizen in face of a crisis.

7. BRITAIN'S NEED OF A PROSPEROUS WORLD

It is in this evidence of British character that the best hope for the future rests.

Britain cannot, however, prosper in a distressed world. Entirely dependent on external trade for her food and raw materials, Britain cannot escape world catastrophe by isolating herself.

Moreover, that world-wide loss of control of the machinery of civilization is all too visible in Britain and in British institutions.

If Britain is to save herself and give the world that leadership which is urgently demanded, the first need is for complete reconstruction of our national life on lines fitted for the new needs of the twentieth century.

Here a fundamental difficulty must be faced. Economic nationalism

is no solution. On the contrary, it is among the main causes of the world's troubles. Recovery depends on building up afresh and extending even more widely than before world-wide exchanges of goods and services which everywhere cross national and political boundaries.

The United Kingdom is far too small in area to form to-day an economic unit commensurate with the vast scale of modern commercial and industrial operations.

The aim must always be the widest possible international co-operation.

To assume, however, that for this reason the first steps must be international would under present conditions result in mere futility. Action, if it is to be both practicable and advantageous, must be taken within the sphere now open to us. Economic reconstruction within that sphere will, moreover, at least in the earlier stages, tend to draw other countries within the orbit of returning prosperity.

Our attention must first be directed to the United Kingdom and to those regions, whether within the British Empire or in countries of complementary trade, where political and economic associations offer promising opportunities of effective co-operation.

Every care must, however, be taken to secure that in focussing our gaze on our own sphere of action we do nothing to exclude the wider division, and that we work gradually for the extension of complementary planned relations over the widest possible area.

8. THE NEED FOR PLANNING

"Almost all British constitutional safeguards are safeguards against being governed."

"Communism is a tremendous extension of government and consequently a great encroachment on liberty."

"Mussolini understood that what was keeping the people slaves was their determination to be what they called free."

"No real business that had to do positive work could achieve anything on the British parliamentary system."

None of these aphorisms of Mr. Bernard Shaw can be rejected as untrue, even though they offer no proof that communism or fascism are either necessary or desirable.

Their truth can be illustrated in every branch of our present-day life.

We have allowed the numbers of our feeble-minded to double themselves in the last 20 years.

We have watched the purchasing power of our country fluctuate widely and play havoc with our economic life, and have been powerless to help ourselves.

The Road Act of 1910 gave powers both to build motor roads and to prevent ribbon-building, but we still permit it and spoil our countryside and our motor roads.

Notoriously unsuitable candidates "get themselves elected" (this is our habitual way of speaking of what happens) to parliament and local councils.

Prime ministers got nervously worn out in the mere effort to grapple with the everyday business which faces them.

In the imperial sphere there is practical unanimity as to the need

for organizing the Empire as an economic family, and yet we have the spectacle of the imperial conference of 1930.

In the sphere of foreign affairs the nations sign the Kellogg Peace Pact and arm themselves to the teeth.

Or, again, we keep alive the pretence that reparations and inter-governmental debts will continue to be paid, and because we dare not settle these obligations on terms which seem to involve inequitable distribution of the sacrifices involved, we wait with folded hands for the enforced default which will involve even greater iniquity and will strike a further blow at the foundations of the world's economic life. A year ago a broadminded settlement would have restored economic activity and staved off the financial crisis. To-day, though an essential step on the road to recovery, cancellation of these obligations will by itself be of little avail. Its chief value now would be the evidence it would give of our capacity to reach international agreement.

9. THE FAILURE OF OUR POLITICAL AND ECONOMIC MACHINERY

Our political and economic machinery is breaking down. The great fund of individual and corporate goodwill, greater probably than at any previous period of our history, goes to waste and all our wills are frustrated for want of a large-scale plan of national reorganization.

Neither in politics nor in economics have we grasped that the first and urgent necessity is planning ahead.

Particular projects often of great potential value are put forward in Parliament or elsewhere without any effort being made to relate them to each other or to a national plan, and they either break down or function imperfectly through needless friction engendered by absence of ordered planning.

Frequently where public opinion has become exasperated at its failure to get something done to remedy a defect which everyone recognizes as intolerable, our distracted legislators with desperate unanimity unite to pass into law a compromise which is wanted by no one and merely aggravates the evil.

It is a common occurrence for a government to be pursuing two or more mutually inconsistent policies at one and the same time.

10. CAN WE SAVE OUR FREEDOM?

Mr. Bernard Shaw's mordant words pose directly the poignant question Is national reconstruction possible without sacrifice of the essentials of personal and political freedom?

For all their difference, bolshevism and fascism have two outstanding features in common. Both stress the primary need for conscious forward planning on a national scale. Both repudiate the claims of personal and individual freedom.

In this country we hold fast to the concept of freedom as one of absolute validity.

We know in our hearts that we are in imminent danger of losing both our freedom and our material well-being if we go on drifting.

But, if, indeed, national reorganization has to be bought at the price of losing our freedom, many of us feel that it would be better

for humanity to descend once again into the abyss of barbarism and struggle back painfully at some later epoch to a civilization capable of satisfying both its material desires and its spiritual aspirations.

Is the dilemma absolute? Can conscious forward planning of our economic life be reconciled with the essential and overriding claim of freedom?

Is it true that what we need is more government and a great encroachment on liberty?

Observe that it is in the sphere of our economic life, in the sphere of material things only, that conscious forward planning is demanded.

May it not be that an unprejudiced re-examination of what we call freedom may reveal unexpected possibilities?

Our ideal is a nation of free men and women self-disciplined by an active social conscience.

11. FREEDOM AND THE MOTORIST

The growth of a code of law and of custom for motorists shows what can be done by free co-operation. The law and the custom are dynamic; not static. They are continually developing. At the moment, indeed, the toll of life and limb on the public roads is evidence of the urgent need for further improvements both in law and in custom. As a rule the law steps in only to interpret the collective will already expressed in a code of behaviour, and to put compulsion not on the motorist in general, but only on the road hog.

Self-discipline and collective action enable the motorist to enjoy a large measure of freedom. Without the help of the code and without the intervention of authority to help him to enforce it, the will of the motorist in general would be everywhere frustrated and he would enjoy far less freedom than is now secured for him.

Is this "more government and a great encroachment on liberty"?

Can we not do for ourselves as a nation what we as motorists have done for ourselves as motorists?

"The law came in because of sin," but insofar as we are self-disciplined and our social consciences are active, we have won true freedom for ourselves in the particular field of motoring.

We do not rely solely on the enlightened self-interest and unregulated competitiveness of motorists to serve providentially the greatest good of the greatest number, and sternly forbid legislative intervention.

Yet so long as we worship at the altar of *laissez faire* as the guiding principle of our economic life, we are trying to conduct our industry and commerce in exactly that spirit which we have wisely rejected in the field of motoring.

Laissez faire represented a reaction against the doctrine of mercantilism and in its day has served this country and the world admirably, but our free institutions were won long before the principle of *laissez faire* was enunciated.

There is not *a priori* reason for regarding freedom of thought, freedom of speech, freedom of conscience, free institutions, as incompatible with conscious forward planning of our economic life.

12. A SUBSTITUTE FOR LAISSEZ FAIRE

The problem, then, is to find a new economic philosophy to replace the doctrine of laissez faire. The great virtue of laissez faire was that it seemed to provide a miraculous self-adjusting system of regulating the flow of production in accordance with demand in a freely competitive individualistic world. Even to-day there are unrepentant individualists whose cry is for a return to unrestricted laissez faire. Sweep away, they urge, all governmental and bureaucratic interference, abolish unemployment insurance and health insurance and all these new-fangled social services. Reduce taxation correspondingly, and industry will look after itself.

It is not always realized how fortuitous and temporary were many of the conditions on which the successes of laissez faire depended in the nineteenth century.

In many cases the economic life of the world has become too complex, the scale too large, the marvellous stream of new scientific invention too bewildering, the annihilation of distance, and the speed of transport and communication have drawn the Nation too closely together to allow of any return to nineteenth century methods. The mere size of the modern industrial unit is alone enough to destroy the effectiveness of the old methods.

And the social conscience of mankind has rightly revolted against the brutality of the economic adjustments on which in the last analysis depended the self-regulating machinery of the system of laissez faire.

Moreover, however firm their faith in the doctrine, statesmen and governments always tempered its rigors with pragmatic justice by intervening at this point and at that to enforce factory acts, acts restricting hours of labour, and the like. And the rigidity of trade-union regulations to-day is part of our evil inheritance from the intolerance of laissez faire doctrinaires.

With the advent of the twentieth century and particularly after the war, Government intervention began rapidly to operate in increasingly wider spheres. And by this date the nature, form, and extent of Government intervention tended to be more and more uneconomic and anti-economic in their results precisely because they were conceived and applied by local authorities, Government departments, and parliaments and cabinets which still did lip service without conscious hypocrisy to the principles of laissez faire.

It was in principle permissible for the State to levy taxation on industry according to the needs of the public purse. It was in principle permissible for the State to make laws and regulations restricting the freedom of business activities in the interests of health, sanitation, safety of life and limb, conditions of labour. It was not permissible in principle for the State to recognize responsibility for the efficiency or remunerativeness of business. That was intolerable State interference in a region which it had no right to enter.

The rigidity of the doctrine has indeed been relaxed in many directions, and with the advent of a protective tariff we have entered on an entirely new era in the relations between State and business. Yet it remains true that taxation and regulation of industry have been excessively and needlessly hampering in their effects just because our political and economic philosophy forbade the State to "interfere with the free-play of natural economic forces."

It must be left for separate essays to deal in greater detail with suggestions for building up a plan of national reconstruction in the special fields of agricultural and industrial production, finance, marketing, transport, housing, town and country planning, and the like.

The purpose of this essay is rather to examine how far it is true that conscious forward planning involves encroachment on freedom.

13. THE FREEDOM OF THE CONSUMER

The basic principle of human economic activities, except in Soviet Russia is, and has been ever since the first steps in the direction of the division of labour were taken, that the would-be consumer determines for himself which of his competing wants he will satisfy within the range of choice which his available purchasing power (even when he was living under a system of barter before money was invented) and the available supply of goods and services offered.

It is the consumer's choice which settles the relative prices of the various goods and services which the producer (or middle-man) offers for sale.

The Communist system attempts to fix relative prices and to deny to the consumer the right to exercise this fundamental freedom of choice. The reason for this is that the Communist ideal is a mechanized state which will produce according to plan the maximum output of consumable goods and distribute them with maximum efficiency. The state accordingly fixes by decree the quantity and quality of production of all kinds and cannot afford to leave it in the power of the human consumer to cause variations in demand by exercising a free choice among his competing wants.

The consumer, in fact, is treated not at all as a consumer but as a part of the mechanism of production requiring a given quantity of fuel, etc., to keep him going as a producer. There is no reason whatever to regard this ultimate denial of freedom to humanity as necessary to conscious forward planning.

Reasonable standardization of some articles of ordinary consumption and some limits to excessive stimulation of the demand for the satisfaction of mere whims which arises from unbridled competition among those who cater to them may indeed be welcomed. But the economic aim of a free community must always be to give the consumer the widest opportunities for satisfying as many of his wants as possible.

If there is to be a planning authority, its functions must be to attempt to forecast demand and to regulate production and distribution accordingly, not to control or dictate consumption.

Control of consumption in special cases, e.g., of alcoholic liquor, may be necessary for reasons arising out of human weakness, but the limits of such control are narrow, and its existence does not invalidate the general argument.

Again rates and taxes levied for such purpose as the provision of free education or for display of flowers in a 'public park involve the enforcement of a form of collective consumption, but the individual is not compelled to use the public park or the free education if he has the desire and the means to choose alternatives.

This last example is, however, a significant illustration of our ready acceptance of collective restraints in our own or the general interests without feeling that our freedom is being filched from us.

14. A PLANNING AUTHORITY

Conscious planning leaves the consumer free but involves the substitution of some organized control over over-production and distribution on behalf of the community to take the place of that free play of supposedly automatic economic forces on which *laissez faire* relied.

Control implies a controlling authority. To the average man and woman among us there jumps to the mind at once the picture of a large number of new Government departments and hordes of new officials attempting to take the place and to do the work of the business man, the manufacturer, the farmer, the banker, the shopkeeper, or at least to tie them all up hand and foot and dictate to them in the management of their daily affairs, and we see further a glimpse of Parliament and local bodies overwhelmed by the task of fulfilling their new functions.

Few people to-day would deny that the old social idea of putting the whole business of the Nation into the hands of bureaucratic Government departments would prove a hopeless failure in practice and would be no improvement on present conditions.

Is there not a middle way, or better still a new way, of meeting the need for organization and co-ordination of those economic tasks which the break-down of *laissez faire* is leaving unaccomplished?

15. THE PUBLIC-UTILITY CONCERN

Without much distinction of party successive governments have tended in recent years to try, in various fields to find a new way forward through the setting up of public-utility bodies, of which the B.B.C., the central electricity board, and the projected London passenger-transport board are outstanding examples. These bodies are not government departments, and their methods of management and direction and control are modelled rather on those of commercial concerns. Their purpose is to perform collectively for the community certain functions and to provide collectively certain services, in which monopoly rather than competition is, in the general belief, likely to give the best results. For this reason it is felt to be necessary to put the emphasis on the rendering of public service and not on the securing of profits, while insisting that the work ought to be done on a self-supporting basis and not dependent on a subsidy from the rates or taxes.

In all the instances cited the earning of surplus profits for private shareholders is excluded, and this must no doubt be the usual argument where monopoly is involved. It need not, however, be an invariable rule.

One special merit of this form of organization is that it claims to give flexibility of management and avoid the major risks of red tape, and while maintaining the ultimate control of Parliament and the nation provides for a large degree of self-government, and so reduce rather than increase the amount of governmental interference.

It is possible to envisage a considerable extension of this form of organization of the nation's business. A new picture begins to emerge in outline of industry, agriculture, transport, etc., enjoying if not Dominion status, at any rate wide powers of local self-government,

with the Cabinet, Parliament, and the local authorities liberated from duties to which they are not ideally suited and free to perform their essential functions on behalf of the community.

16. THE ANALOGY OF THE ELECTRICITY GRID SYSTEM

The analogy of the grid system of the central electricity board, not itself undertaking the production of power nor the final distribution of electricity services to the consumer but providing a co-ordinated system of carrying the electricity produced from the big generating stations to local distributing centres all over the country, can be suggestively applied to other services

Imagine the dairy farmers of the country or of various regional divisions of the country as the milk-generating stations, and the retailers of milk as the local distributing centres, with a central milk board conducting the business of bulk marketing of milk as the providers of the milk grid of Britain. Already under the agricultural marketing act there are signs of the coming of such a milk grid as a natural development to meet the needs of the day. An extension of the system with suitable adaptations to other agricultural products easily suggests itself and even more directly as a method of dealing with the needs of modern transport by rail, road, water, and air.

17. ORGANIZED PRODUCTION

When we come to the organization of producers, agricultural, industrial, and extractive, the central electricity model becomes more difficult to follow. Generally speaking, organization on public-utility lines seems to be adapted rather to the rendering of services in the sphere of distribution than to the business of production. It may be significant that the central electricity board was excluded from the ownership of generating stations. For reasons which have their roots deep in our human nature, we seem to be much readier to admit the principles of controlled monopoly and the domination of the motive of public service over the motive of private profit in the sphere of distribution than in the two spheres of original production and final retailing between which distribution services are intermediate.

Methods of retailing cannot indeed be left entirely unchanged in the face of twentieth-century needs. The multiple shop and the chain store are already bringing about notable modifications. The waste involved in the 500,000 or more retail shops—1 shop for every 20 households—cannot be allowed to continue to block the flow of goods from producer to consumer. And reorganization of retail methods is necessary to achieve adequate organization of production. In general, however, it will probably be found that there is a large place in the business of retailing for the continued play of individualism and personal enterprise. The individualist consumer and his free choice call for some corresponding individuality of outlook in the retailer who caters to him.

Not so in the sphere of production. The business of production must be planned, if it is to possess adequate means of keeping the volume and quality of the goods produced in reasonable relation to demand.

The development of an organized grid system for the distribution of milk must, it is certain, lead to a profound modification of the traditional individualism of outlook of the dairy farmer. And so it will

be in other producing industries; co-operative organization of the business of distribution cannot fail to bring about conditions in which both the need and the will to organize themselves on a co-operative basis will arise amongst the producers, whether they be agriculturalists, or producers of coal or iron from the mines, or manufacturers of steel or of cotton or of wool.

Whether we like it or not—and many will dislike it intensely—the individualist manufacturer and farmer will be forced by events to submit to far-reaching changes in outlook and methods. The danger is that in resisting them because he regards them as encroachments on what he calls his “freedom”, he will make things worse for himself and for the community. Resistance is likely to play into the hands of those who say that tinkering is useless and that full-flooded socialism and communism are the only cure. Or he may be tempted to flirt with Fascist ideas. In either case he loses his cherished freedom, and it is only too probable that Fascism and communism alike would be but short stages on the road to barbarism.

18. THE CONDITIONS OF ECONOMIC FREEDOM

It is idle to deny that some, at least, of the changes required when conscious forward planning extends into the field of production are of a revolutionary character.

It is all important, therefore, that we should appraise them soberly and without prejudice and distinguish clearly between unavoidable alterations of methods of economic organization and fundamental attacks on our personal and political freedom.

Our economic freedom must be and always has been tempered by the conditions of our environment and by our relations with our fellows, without whose mutual aid we could not enjoy the advantages which material well-being brings. Spiritual freedom in a highly organized and complex society of civilized men and women is attainable only by ready co-operation in so arranging our economic life as to provide the best attainable material surroundings.

19. PLANNING AND THE PRODUCER

Without entering more deeply into details than space here allows, the position of the farmer and manufacturer under a system of planned production can only be sketched in broad outlines.

He may be conceived of as remaining in full control of all the operations of his farm or factory, but receiving from the duly constituted authority instructions as to the quantity and quality of his production, and as to the markets in which he will sell. He will himself have had a voice in setting up his constituted authority and will have regular means of communicating with it and of influencing its policy. He will be less exposed than at present to interference from above; that is, from Government departments and local bodies and their inspectors. He will be less free to make arbitrary decisions as to his own business outside the region of day-to-day operation of plant or farm.

It must be presumed that the constituted authority will be armed by enabling act of Parliament and by a majority decision of its own members, presumably elected by the votes of those with whose affairs they deal, to exercise powers of compulsion over minorities in clearly specified cases.

All this is not very different from what already occurs in particular organized industries, but must be conceived of as applying generally to most if not all of the major fields of production, and as part of a consciously and systematically planned agricultural and industrial organization.

20. A NATIONAL PLAN IN OUTLINE

An outline of the organization contemplated would be somewhat as follows:

A national planning commission, with advisory, not executive, functions, subordinate to the cabinet and to Parliament, but with clearly defined powers of initiative and clearly defined responsibilities, its personnel representative of the nation's economic life.

A national council for agriculture, a national council for industry, a national council for coal mining, a national council for transport, and so on, all statutory bodies with considerable powers of self-government, including powers of compulsion within the province with which they are concerned.

A series of statutory or chartered corporations, e.g., a cotton-industry corporation, a steel-industry corporation, a milk-producers' corporation, organized on the lines of public-utility concerns, serving at least to federate, and in suitable cases to own, the plants, factories, etc., engaged in production.

A series of public-utility corporations dealing with distributive services, e.g., the central electricity board, the national transport board (or a number of regional transport boards), and the national milk marketing board.

In the constitution of these bodies provision would naturally be made for suitable representation of interests, including organized labour, and for their due co-ordination by means, for example, of the election by the various corporations of some of their members to serve on the national councils. To all of them Parliament would delegate considerable powers to regulate the affairs of their particular industries.

21. COMPULSION AND PRIVATE OWNERSHIP OF LAND

From the standpoint of encroachments upon freedom, apart from the denial of the tenets of individualism, the most obvious targets for attack are perhaps the proposed grant of powers to compel minorities and (point not yet mentioned) the probable necessity for drastic changes in the ownership of land.

Powers of compulsion of minorities are not unknown even under present conditions and will probably not arouse very violent antagonism on grounds of high principle.

The question of private ownership of land is one which never fails to encounter deep-rooted passions. It is also one which arises immediately in almost every aspect of conscious-planned reconstruction.

The conclusion seems unescapable that whether in the field of town-and-country planning or in that of agriculture (or rural) planning or in the organization of industry it is not possible to make reasonable progress without drastic powers to buy out individual owners of land.

That is not to say that land nationalization, in the ordinary sense of the term, is either necessary or desirable. Far from it. Nothing

would be gained by substituting the State as landlord. What is required, if with only a view to equitable treatment of individuals, is transfer of ownership of large blocks of land—not necessarily of all the land in the country, but certainly of a large proportion of it—into the hands of the proposed statutory corporations and public-utility bodies and of land trusts.

In many cases all that would be needed would be the conversion of rights of ownership of land into rights of participation as shareholders or stockholders in the new corporations or in land trusts. It would be possible further in a large number of cases to leave management undisturbed, together with the enjoyment of many of the amenities which at present go with ownership, subject to the transfer of title to the corporations or trusts.

Here again limits of space preclude fuller treatment of the subject. All that is here relevant is the inevitable conclusion that the planned economy which the Nation needs to meet the demands of the twentieth century must clearly involve drastic inroads upon the rights of individual ownership of land as at present understood.

22. FINANCE

Thus far in this essay finance has been purposely left aside.

The assumption is that consciously planned reconstruction of the economic life of the Nation will increase, and indeed is necessary to maintain, the present national dividend. There is no reason to believe that overhead charges for government and administration will be increased. On the contrary, they should be diminished by the elimination of the friction and waste arising from present unplanning and disorder.

It should be possible also with industry and production replanned and co-ordinated so to rearrange taxation as to take from the national dividend that part of it which is required for collective expenditure by the community at an economic cost less burdensome to the Nation than is involved by our existing rates and taxes.

From the standpoint of the national and local budgets therefore, there is no cause for anticipating financial difficulties.

The question remains, What changes are required in the financial machinery of the country? It is in the sphere of distribution, and especially in that important part in the mechanism of distribution which belongs to finance, that the worst disorders of the present economic system have shown themselves.

In no sphere is the evidence of our loss of control of the machine of civilization more evident than in that of finance.

The catastrophic fall of prices has resulted in complete disequilibrium between the cost of production and the price which the consumer can pay, and in particular, between the relative prices of agricultural and manufactured products.

Mismanagement of the standard of value is apparent throughout the world.

It is by no means so clear how recovery is to be brought about. Cheap money is obviously essential, but it is only if and when it leads to a revival of activity, to increased demand for goods and services, and an increase in the volume of trade, followed by a recovery of prices to a remunerative level, that it serves any useful purpose.

Mere manufacture of paper purchasing power is of little avail, more especially if with waning political confidence the basis of credit shrinks faster than the manufactured paper money increases.

This is not the place to examine the problem of escape from the immediate financial crisis.

The same assumption must be made as was made earlier in this essay that the inertia and momentum of the economic structure and of habit and custom will carry us somehow through for the moment and that we shall be given a respite.

23. STABLE MONEY.

One basic need of the new economic organization is the stabilization of the purchasing power of money. Stable money and conscious forward planning are mutually dependent.

The elimination of violent fluctuations of the general price level will immensely facilitate improved organization of production and distribution.

No question arises of fixing the prices of individual commodities.

Once equilibrium between costs of production and prices to the consumer has been established, our first efforts must be directed to securing stability of the purchasing power of our money.

This question is dealt with at length in a separate essay and the conclusion must perforce be taken for granted here.

Stable money cannot be secured without considerable extension of control on behalf of the community over the flow of investment and the uses which the individual makes of his capital.

While as consumer he can retain full freedom of choice as to which of his competing wants he will satisfy, there are real difficulties in leaving him entirely free to invest his savings in any way he chooses.

It is probable that many of these difficulties can be solved on the one hand by extension of the system of insurance, on lines to which recent developments of the motoring law again supply suggestive analogies, and on the other hand by means which, while leaving the small capitalist untrammelled, will so canalize the flow of both long-term and short-term investment of the large sums which are at the disposal of banks and financial institutions as well as funds in the hands of large insurance companies as to insure that adequate capital is available for the big industrial, agricultural, and distributive corporations already envisaged.

It is necessary to insist that finance shall take its proper place as the servant and not the master of industry and commerce. The stabilization of the purchasing power of money will by itself go far to secure this subordination.

24. THE BANKS AND PLANNING

The Bank of England has in the course of its history lost practically all of its original profit-making characteristics and become in fact, if not in form, a leading example of a public-utility corporation devoted to rendering public service. It has also many of the features of a self-governing institution, its relations to the Government delicately adjusted so as to combine both due subordination and administrative independence, so as to offer a significant parallel to the

new institutions suggested earlier in the sphere of industry and distribution. It would appear to be sufficiently flexible to enable it to adapt itself to filling its place in the new order without requiring any radical changes in its constitution.

The logical completion of the process of amalgamation which has reduced the number of the major joint-stock banks to five would clearly be to merge them all in one and to give them some monopolistic privileges in return for converting themselves into a real public-utility corporation.

This is a delicate process, and it may be unwise to force the pace, seeing that natural developments are tending to bring about much the same results without outside intervention.

Careful study is needed of the relations between planned industry and the stock exchange, the acceptance houses, the issuing houses, and other parts of our financial machinery. It may well be that with industry, agriculture, transport, etc., organized on the lines suggested, and with the adoption of the steps necessary to stabilize the purchasing power of money, the problems which are in prospect somewhat terrifying of bringing about a suitable reorganization of our financial institutions will be found largely to have solved themselves. For finance, as the servant of industry, can have no motive to do otherwise than adjust itself to the new needs.

25. LABOUR

Little has been said hitherto on the subject of organized labour.

Clearly, labour must have effective representation and play an adequate part in the new statutory councils and public-utility corporations and in all the activities of the replanned nation.

The most difficult task will perhaps be to reconcile the trade unions to the remodelling of many of their existing regulations and to the change in outlook which conscious planning requires.

Stable money and the discarding of the doctrines of individualism and laissez faire will between them make obsolete many of the objectives and many of the issues which at present bulk largely in the minds of trade-unionists. In planned industry the employee takes his true place more clearly than before as a partner in production.

The changes required in the organization of labour are obviously not such as can rightly be described as encroachments on freedom.

Difficult, therefore, as the right solution of the knotty problems which arise may prove, they need not detain us further in this examination of the relations of planning to freedom.

26. THE SOCIAL SERVICES

Nor need we pause here to examine what planning may mean in other parts of the structure of our economic life, education, health service, housing, provision for leisure.

Each of these subjects and others will need detailed investigation, and the methods of organization adopted must be fitted into and form part of a complete whole with the new model for industry. It is high time that man should make effective use of biological knowledge to improve the human race and make himself more fit for his twentieth century responsibilities. In the health services and the province of medicine it is urgently necessary to shift the emphasis from cure to

prevention, from negative to positive health, and this may well call for a big change in the organization of the medical profession, which has at present too often a vested interest in disease. But there is no reason for supposing that in order to deal with these various questions any new invasions of freedom will be called for which in degree or kind go further than what has already been contemplated in the industrial field.

27. IMPERIAL PLANNING

Many of the problems of national reconstruction extend into the imperial and international field. The United Kingdom by itself is far too small to provide an adequate economic unit for planning.

A planned economy for Britain implies as the next step a planned imperial economic family. Considerable inter-relations, imperial co-operation from the outset, is essential, as a minimum, for success in certain directions.

The stabilization of the purchasing power of money calls for action not only in the Empire but also in such countries as Argentina and Scandinavia, which belongs to "sterlingaria," the area where British sterling is indisputably the international medium of exchange. Tariffs and agreements for industrial co-operation with other parts of the British Empire will have to be fitted into the framework of our national industrial system in order to make reasonably possible the successful functioning of such projected bodies as the Steel Industry Council or the Statutory Cotton Corporation. The subject matter with which these bodies will deal includes large questions of export trade, and is not, as in the case of the Central Electricity Board, confined to the provision of services within our national boundaries.

28. INTERNATIONAL PLANNING

The interrelations of national planning and international problems are peculiarly difficult. An ideal national plan cannot be framed and brought into operation without complete international co-operation. Yet to wait till conditions are propitious for an intelligent international reorganization of our own and the world's economic life will not help us.

And with Russia and Italy embarked on plans which definitely override the claims of freedom, complete world-wide agreement is not within reach.

The better is the enemy of the good. Within the boundaries of the United Kingdom we have ample opportunities, if we set ourselves whole-heartedly to the task, to achieve that national reconstruction which is so sorely needed. Within the British Empire and even beyond it in countries whose economic ties with Britain are historically close and whose trade is complementary, we have reasonable prospects of securing fruitful results by political and economic co-operation.

We dissipate our strength and overstrain our resources if we attempt more before first putting our own house in order. It is not selfishness or aggressive nationalism or imperialism which puts a limit on our immediate sphere of action, but a sober estimate of our political and economic powers.

The goal of world-wide international co-operation must never be lost from sight and advantage must be taken of every opportunity for bringing it nearer. The very fact that it extends planning across existing political boundaries is of special value. Nevertheless our first

task is to replan Britain, with an economic organization that will fit harmoniously into the planned imperial economic family, and in so doing to give leadership and new hope to a distressed world.

Man's powers of large-scale organization and of harmonious co-operation will be further tested by the need for economic planning which transcends national boundaries and in due course demands world-wide co-operation. National and imperial and ultimately international political and economic practices and institutions will doubtless undergo profound modifications in adapting themselves to the twentieth century.

The constitutional development of the British Empire may indeed provide a model more suitable for adaptation to the needs of world co-operation than any at present in existence. The harmonious and free co-operation within a single system of a number of states enjoying sovereignty and independence as equal partners in a commonwealth of nations would appear to offer possibilities of extending itself indefinitely till it covers the whole world. Proof of the ability of the British commonwealth to provide its citizens with an economic organization that ministers effectually to their well-being will be the surest way of winning world-wide approval.

The only rival world political and economic system which puts forward a comparable claim is that of the Union of Soviet Republics.

If planning and freedom are to be reconciled, the solution must be found along the lines of the British approach.

29. PLANNING AND POLITICS

Effective planning on the economic side and even the introduction of desirable reforms in detail has become impossible without a drastic overhauling both of Parliament and the central government and of the machinery of local government. Political and economic plannings are complementary and supplementary to each other and must be carefully interrelated. We need new economic and political institutions to match the new social adjustments which applied science has created and a new technique both in politics and in industry to enable us to find intelligent methods of surmounting new difficulties and complexities.

It has been suggested more than once in the course of this essay that devolution of powers to statutory bodies will be an important feature of the new order and that in the result Parliament and the Cabinet will be relieved of some part of their present duties and set free to the great advantage of themselves and of the nation for their proper tasks of directing and guiding public policy.

Big consequent changes will follow in the machinery of government. The British constitution is however accustomed to changes of this sort. It is continually developing and adapting itself to new conditions. The further development now contemplated will be a natural evolution along lines consistent with British traditions.

Here, as elsewhere, vested interests will doubtless feel themselves challenged, and be inclined to resist. That is inevitable, but the essentials of constitutional freedom will remain unshaken. In some of its aspects the Tariff Advisory Committee already suggests the nucleus of a National Planning Commission. In due course we shall perhaps be astonished not at the magnitude of the changes but at their relative smallness.

30. PLANNING AND ECONOMIC FREEDOM

One further question remains to be touched upon before the summing up is reached.

Let it be granted, a well-disposed critic may say, that what you propose involves no fundamental attack on freedom; granted that your plan of reconstruction is not open to the charge of encroaching upon spiritual freedom, and, if successful, would provide a better material environment for the realization of humanity's higher aspirations; do you not run the risk of so trammeling and shackling man's economic freedom that the result will be less production not more, less enterprise and initiative, a drying up of the incentives to progress, and final loss not gain in material well-being?

One possible answer is, of course, to refer our critic to what was said at the outset as to the imminence of catastrophe if we continue to drift. We must regain control of the machinery of civilization if we and it are to survive.

Reluctance to embark on a doubtful adventure deserves a less negative treatment.

The dangers which our critic fears are real dangers. Red tape is not confined to Government departments. Our statutory corporations and public-utility boards may all too easily become unadventurous obstacles to progress, determined enemies to all new ideas.

It may be indeed that one of the lessons we have to learn from our present distresses is that scientific invention itself requires some planning in its application to the economic structure of the Nation.

The problem of progress is no longer the problem of getting enough change to prevent routine from deadening effort, but the problem of preventing change from destroying both routine and all social stability.

This, however, is no justification of institutions which deaden effort.

Our proposals must rather be defended by the claim they will liberate the spirit of initiative and not deaden it, in that they will provide means by which the energetic man of business may escape from the disheartening frustrations and failures which are caused by the complexity of the machine, and will give him scope for serving his generation in a larger kingdom than the narrow field of competition with rivals in particular industrial or commercial pursuits.

Though organized on public-utility lines with monopolistic privileges, the great chartered industrial corporations will find ample room for energy and initiative in performing their primary task of combining maximum output with minimum costs of production. The executive heads of particular factories will not lack the spur of competition.

31. THE PROFIT-MAKING MOTIVE

It is no part of our plan to enshrine equalitarian doctrines or to eliminate from business life the desire to better oneself and the motive of personal reward. Subordination of the motive of profit to the motive of service does not imply that the motive of profit has no useful part to play even within a public-utility concern not working for profit. It is not absent in the B.B.C. nor in the Central Electricity Board.

Nor is it suggested that public-utility concerns or bodies analogous in character should be set up to deal with any but the major "key" business activities of the Nation.

For example the specialized steel industries of Sheffield would not, unless by their special desire, find a place within the organization of the chartered steel corporation. They would be ancillary to it and would no doubt co-operate with it in suitable ways, but would remain independent.

In general, specialized production and skilled craftsmanship would continue to be the field of individualistic effort. So also would retail business.

Experience alone can prove the justice of our claim that economic freedom will not be fatally shackled by the effects of conscious forward planning. Experience, too, will be needed to make clear the boundaries of the province within which individualistic effort can best be relied upon to secure the highest national dividend.

But we do make the claim that national reconstruction along the lines indicated is not only urgent and essential to salvation, but is also rightly calculated to improve the economic environment of our national life.

32. A CONSERVATIVE EVOLUTION

Indeed, the Socialist or the Communist will condemn our planning as mere tinkering with the outworn machine of capitalism. To him it will appear as a hopelessly conservative and anemic attempt to stave off the red-blooded revolution which alone would satisfy him.

Our plan is, we claim, conservative in the truest and best sense. It is conservative, not destructive, and builds solidly upon the present and the past. It faces the issues boldly and is not afraid to challenge vested interests and deeply cherished habits of thought and action. It does not, however, propose to expropriate anyone, and, in requiring the application of compulsion in a limited sphere, it is not doing more than extend and make explicit and give systematic application to tendencies and practices already at work.

The purpose of this essay is not to put before the reader any complete or fully worked-out plan of national reconstruction. That can be done only in a series of separate essays, and even then much of the necessary details would have to be left out.

Such sketch in the broadest outline of the lines which reconstruction might take as has been given here must inevitably raise more questions in the mind of the attentive reader than it answers.

33. PLANNING FREEDOM

Our purpose has been to vindicate by reasoned presentation our faith that national reconstruction on the basis of conscious forward planning, besides being urgent and necessary, is compatible with the preservation of our freedom.

Vested interests, ingrained prejudices, traditions, customs, and points of view which have proved their value in the past are challenged by us to give way to the needs of the present. This generation is called upon to accept modifications in the structure of its economic life, which are profound enough to require an altogether new outlook on the content and meaning of economic freedom. The old spiritual values which

belong to personal and political freedom are not challenged. They are accepted as absolute and in full. It is because they are accepted as absolute and because there is urgent need to safeguard them in the changed world of the twentieth century, that new methods of economic organization have to be devised.

Economic freedom must always be relative to its environment. Economic freedom demands that form of economic organization of civilized society which will provide men and women with the highest standards of material well-being attainable by the use of their powers of scientific production and co-operative endeavour in order that the environment thus aorded may present the widest possible opportunities for the exercise of the human nature.

In the haphazard and disorganized economic structure of to-day men and women are balked alike of economic and spiritual freedom.

If by conscious forward planning they can escape present frustrations, they will rightly be judged to be more truly free.

APPENDIX B

THE RULERS OF RUSSIA

In giving evidence before a committee of the United States Senate on February 12, 1919, the Rev. George A. Simons, superintendent of the Methodist Episcopal Church in Petrograd from 1907 to October 6, 1918, stated with regard to the Bolshevik Government in Petrograd: "In December, 1918, . . . under the presidency of a man known as Apfelbaum (Zinovieff) . . . out of 388 members, only 16 happened to be real Russians, and all the rest Jews, with the exception of one man who is a negro from America . . . and 265 of this northern commune government that is sitting in the Old Smolny Institute came from the Lower East Side of New York—265 of them." This evidence appears in Volume 3 of United States Senate Document No. 62, 66th Congress, 1st Session.

Mrs. Ariadna Williams, widow of the late Dr. Harold Williams, for long "Manchester Guardian" correspondent in Russia, in her book "From Liberty to Brest Litovsk" (Macmillan, 1919) said: "The predominant class which very rapidly crystallized around the Bolsheviks was mainly composed of individuals alien to the Russian people," and added: "They especially numbered a great many Jews. They spoke Russian badly. The nation over which they had seized power was a stranger to them, and, besides, they behaved as invaders in a conquered country."

The late Victor E. Marsden, London "Morning Post" correspondent in Russia at the time of the Bolshevik revolution in 1917, compiled a list of 545 principal early Bolshevik officials. Of these 454 were Jews, and only 23 genuine Russians, the remainder comprising 38 Letts, 13 Armenians, 12 Germans, 3 Finns, 2 Poles, 1 Georgian, 1 Karaim, 1 Immeretian, 1 Hungarian, and 1 Czech. The full list of names was republished in the "Revealer" (Wichita, Kansas) of August 15, 1934.

In the London "Morning Post" book "The Cause of World Unrest" (Grant Richards, 1920), being a reprint of articles from that journal, with a foreword by its editor, Mr. H. A. Gwynne, appeared the following list of the principal Bolshevik officials in 1919, giving their real names and the assumed names adopted by them to conceal their racial origin as far as possible:

BOLSHEVIK LEADERS IN 1919.

Assumed Name		Real Name			Race
Lenin	---	Oulinaov	---	---	Russian
Trotsky	---	Bronstein	---	---	Jew

Assumed Name	Real Name	Race
Steklov	Nachamkess	Jew
Martov	Tsederbaum	Jew
Zinoviev	Apfelbaum	Jew
Goussiev	Drapkin	Jew
Kamenev	Rosenfeld	Jew
Bogdanov	Silberstein	Jew
Gorev	Goldman	Jew
Ouritzky	Radomilsky	Jew
Volodarsky	Cohen	Jew
Sverdlov	Sverdlov	(?) Jew
Kambov	Katz	Jew
Ganetzky	Furstenberg	Jew
Dann	Gourevitch	Jew
Meshkovsky	Goldberg	Jew
Parvus	Helphandt	Jew
Riazanov	Goldenbach	Jew
Tchernomorsky	Tchermordik	Jew
Martinov	Zimbar	Jew
Piatnitzky	Levin	Jew
Abramovitch	Rein	Jew
Solntzev	Bleichman	Jew
Zervditch	Fonstein	Jew
Radek	Sobelson	Jew
Litvinov	Wallach, etc.	Jew
Lounatcharsky	Lounatcharsky	Russian
Kolontai	Kolontai	Russian
Peters	Peters	Lett
Maklakovsky	Rosenbloom	Jew
Lapinsky	Levenson	Jew
Vetrov	Natansson	Jew
Ortodoks	Akselrode	Jew
Garin	Gerfeldt	Jew
Glazounov	Schulze	Jew
Lebedieva	Simson	Jewess
Joffe	Joffe	Jew
Kamensky	Hoffman	Jew
Naout	Ginzburg	Jew
Zagorsky	Krachmalink	Jew
Igoev	Goldman	Jew
Vladimirov	Feldman	Jew
Bounskov	Foundamentzky	Jew
Manouilsky	Manouilsky	Jew
Larin	Lourie	Jew
Krassin	Krassin	Russian
Chicherin	Chicherin	Russian
Goukovsky	Goukovsky	Russian

In the above list a query appears against the race of Sverdlov, but the reference by Mr. Lockhart quoted on page 68 of this book clearly indicates him as Jewish. Lenin was married to a Jewess, spoke Yiddish in his family circle, and Dr. Chaim Weizmann, Jewish Zionist leader, was quoted in the London "Jewish Chronicle" of December 16, 1932, as saying that Lenin had taken part in Jewish student meetings in Switzerland thirty-five years before. He is generally regarded as a Russian, but there is doubt.

Stalin, present ruler of Russia, is not a Jew but took as his second wife the twenty-one-year-old sister of the Jew L. M. Kagonowitz, his right-hand man, who has been spoken of as his probable or possible successor. Stalin's every movement is made under Jewish eyes.

CENTRAL COMMITTEE OF THE COMMUNIST PARTY, 1935

According to the "Defender" (Wichita, Kansas) for February, 1936, the Central Committee of the Communist Party in Moscow, the very centre of international Communism, consisted of 59 members, of whom 56 were Jews, and the other three were married to Jewesses. These figures are given in other journals also. The list is as follows:

Non-Jews, married to Jewesses (3): L. V. Stalin, S. S. Lobow, V. V. Ossinsky.

Jews (56): V. A. Balitzky, K. J. Bauman, I. M. Vareikis, J. B. Gamarnik, I. I. Ejoff, I. A. Zelensky, I. D. Kabakoff, L. M. Kaganowitz, M. M. Kaganowitz, V. G. Knorin, M. M. Litvinoff, I. E. Liobimow, D. Z. Manouilsky, I. P. Nossow, J. L. Piatakow, I. O. Piatnitzky, M. O. Aazoumow, M. L. Ruchimovitch, K. V. Rindin, M. M. Houtaevitch, M. S. Tchoudow, A. M. Schvernik, R. I. Eiche, G. G. Iagoda, I. E. Iakir, I. A. Iakovlew, F. P. Griadinsky, G. N. Kaminsky, I. S. Unschlicht, A. S. Boulin, M. I. Kalmanowitz, D. S. Beika, Zifrinovitch, Trachter, Bitner, G. Kaner, Leo Krichman, A. K. Lepa, S. A. Lozovsky, B. P. Pozern, T. D. Deribass, K. K. Strievsky, N. N. Popow, S. Schwartz, E. I. Veger, L. Z. Mechlis, A. I. Ougarow, G. I. Blagonravow, A. P. Rosengolz, A. P. Serebrovsky, A. M. Steingart, I. P. Pavlounovsky, G. I. Sokolnikov, G. I. Broido, V. I. Polonsky, G. D. Veinberg.

In a "World Service" bulletin for November 15, 1935, a list was printed of the Provincial Secretaries (or Governors) of the Soviet Union, each of whom is a dictator and the personal representative of Stalin. The list contained 49 names and comprised 41 Jews, 4 Russians, 2 Armenians, 1 Georgian, and 1 Buriat. It was stated to have been reprinted from the Russian newspaper "Nowoie Slovo" (The New Word), published in Berlin on October 27, 1935.

The Bolshevik Commissar for Foreign Affairs is the Jew Litvinoff of the many aliases, former passer of stolen bank-notes, and lately President of the Council of the League of Nations. A detailed list of the staff under him, as printed in "Das Berner Fehltriteil" by Stephan Dasz, doctor of law, Budapest (U. Bodung Verlag, Erfurt, 1935) shows it as almost entirely Jewish, both in respect of the principal and minor offices. The same applies to the Bolshevik diplomatic corps abroad. The following list of Bolshevik Ambassadors and Ministers Plenipotentiary in different countries is compiled from various publications issued in 1935 and 1936. It may not be quite up to date but is nearly so:

BOLSHEVIK AMBASSADORS, 1935-6

Country		Ambassador or Minister		Race
Great Britain	....	Maisky (alias Steinman)	....	Jew
Germany	....	Suritz	....	Jew
France	....	Potemkine (Staff Jewish)	....	Russian
Italy	....	Stein	....	Jew
United States	....	Troyanski (married to a Jewess)	....	Russian
Japan	....	Yureneff (alias Goffman)	....	Jew
Turkey	....	Karakhain	....	Jew

Country		Ambassador or Minister				Race
Belgium	....	Roubinine	....	....	....	Jew
Norway	....	Yakoubowitz	....	....	....	Jew
Sweden	....	Madame Kallontai	....	....	....	Jewess
Roumania	....	Ostrovski	....	....	....	Jew
Greece	....	Kobetzki (staff Jewish)	....	....	....	Russian
Latvia	....	Brodovski	....	....	....	Jew
Lithuania	....	Karski (alias Bekmann)	....	....	....	Jew
Finland	....	Asmous	....	....	....	Jew
Switzerland (unofficial)		Dr. Bagozki	....	....	....	Jew
Uruguay (expelled)		Minkine	....	....	....	Jew

League of Nations Delegation: Litvinoff (Jew), Rosenberg (Jew), Stein (Jew), Markus (Jew), Brenners (Jew), Hirschfeld (Jew), Halph-and (Jew), Swanidze (Georgian).

The reader may wonder why the newspapers never mention that Bolshevism is simply a Jewish conquest of Russia. The explanation is that the international news agencies on which the papers rely for foreign news are also controlled by Jews.

According to "Fascist" of October, 1935, the "Russian" representatives at the Embassy in London then comprised in addition to the Ambassador Mr Maisky, alias Steinman (Jew), the following: Messrs. Kagan (Jew), Voltchkoff, alias Berkmann (Jew), and Oserski, alias Fridmann (Jew).

All news sent out from Russia is censored under direction of the Jew Karl Radek, alias Sobelssohn.

The Jew Jagoda is head of the G.P.U. (the former Cheka) now called "The People's Commissariat for Internal Affairs." The life, death, or imprisonment of Russian citizens is in the hands of this Jew, and his spies are everywhere. According to an Anti-Comintern bulletin (15/4/35) Jagoda's organization between 1929 and 1934 drove between 5 and 6 million Russian peasants from their homes.

[The Government of France now (July, 1936) has as Prime Minister the Jewish Socialist Leon Blum. According to the French journal "Candide" (vide "World Service," 1/4/36) M. Blum has substantial interests in Weiler's Jupiter aero-engine works in France, and his son Robert Blum, is manager of a branch Weiler works in Russia making Jupiter aero-engines for the Russian Government.]

APPENDIX C

REFERENCE LIST

Readers who wish to keep in touch with further developments in the matters dealt with in this book will find the following publications of assistance. Most are produced with inadequate financial support, and the continuance of all is threatened by the movement, which has already succeeded in certain countries (Manitoba, New Jersey, Holland, Brazil, etc.), to secure legislation throughout the world making it an offence to publish matter reflecting unfavourably on "any race or creed," as by directing attention to the Jewishness of Communism and international finance, etc.

"The Fascist," published monthly by the Imperial Fascist League, 30 Craven Street, London, W.C.2., price one penny, 1s 6d. per annum post free, home and abroad. Arnold S. Leese, editor. Contents devoted almost wholly to exposing Jewish economic, political, and social penetration of British affairs. Unhesitatingly exposed the Jewishness of Italian Fascism on discovering it, after which it renamed its movement 'Racial Fascism.' Issues numerous pamphlets. (No connection with Sir Oswald Mosley's British Union of Fascists).

"The Patriot," c/o Boswell Publishing Coy., 10 Essex Street, London, W.C.2, weekly, 3d., 7s 6d. half-yearly, 15s yearly; founded as described on page 193. Conservative in outlook, deals with subversive movements and publishes extracts from the Jewish press.

"World Service," 38 Gartenstrasse, Erfurt, Germany; bulletins twice monthly in six languages; subscription, 3 months, 3 marks; 6 months, 6 marks. Col. Ulrich Fleischauer, director. Contents consist of despatches from all countries dealing with Jewish subversive activities. Col. Fleischauer acted as expert for defendants in the Berne trial regarding the authenticity of the Protocols of Zion in 1935, but the Court refused him permission to call his witnesses. In a bulletin of March 15, 1936, he reproduced an anonymous communication from Switzerland threatening him with the fate of Wilhelm Gustloff, murdered in Switzerland on February 4, 1936, by a Jew named Frankfurter.

Edmondson Economic Service Bulletins, 84 Washington Street, New York City, U.S.A., 3 copies for 6 cents (posted). Issued by Robert Edward Edmondson, who states that to June, 1936, over 5,000,000 copies of these bulletins had then been distributed. He urges Americans to "save America from the Jew-controlled Communistic 'New Deal' ". In a bulletin of June 9, 1936, Mrs. Edmondson appealed for support for a defence fund, stating that the Mayor of New York, Mr. La Guardia (Jewish), had brought proceedings for criminal libel against her husband,

alleging that his pamphlets contained incitement to breach of peace. Mrs. Edmondson said it was desired, if necessary, to fight the case through to the United States Supreme Court. Mr. Edmondson in June was evicted and is now at 84 Washington Street, New York City.

"The Revealer: a Christian News-Journal," Wichita, Kansas, U.S.A., monthly, 1 dollar per annum; editor, Rev. Dr. Gerald B. Winrod. Deals outspokenly with Roosevelt Communistic tendencies and Jewishness of Communism and Fascism: strongly religious. **"The Defender,"** same address, monthly, 50 cents per annum, same editor; contents mainly religious. Numerous pamphlets issued also on related subjects.

"Anti-Commintern," Berlin, N.W.40, In den Zelten, 9A; monthly bulletins in English, dealing with Communist activities in all countries.

"The Free Press," 93 Chancery Lane, London W.C.2; monthly; one penny; organ of the Militant Christian Patriots, founded October, 1935. Has freely criticised P.E.P.

"La Fasciste Canadien," Casier Postal 2290, Montreal, Canada, monthly, 2 cents (in French); deals with Jewish subversive activities.

A list of other publications appeared in the "Fascist" of April 1936, and the "World Service" in 1935 issued a long reference list in pamphlet form.

The Britons, 40 Great Ormond Street, London, W.C.1. Issues Victor E. Marsden's translation of "The Protocols of the Learned Elders of Zion," 1s. in paper, 2s 6d. in cloth; Mrs. L. Fry's "Waters Flowing Eastward," 3s 10d. posted; "The Jewish Question" (Ford "Dearborn Independent" articles), 2s 10d., etc.

Boswell Publishing Coy., 10 Essex Street, London, W.C.2, publishers of Mrs. Nesta Webster's books "The Surrender of an Empire," 8s. posted; "Secret Societies and Subversive Movements," 20s.; also Lieut.-Col. A. H. Lane's "The Alien Menace," 3s 10d. posted, etc.

MONETARY REFORM

An excellent history of the movement for monetary reform is Professor Irving Fisher's "Stabilized Money."

The books of Professor Gustav Cassel contain very clear expositions of monetary principles, without a proper appreciation of which the student is unable to sift for himself the wheat from the chaff in monetary reform literature.

"The Bankers' Conspiracy," by Arthur Kitson (Financial Reform Committee, 59 Farquhar Road, London S.E. 19; 2s 6d) is by a pioneer of monetary reform who has been writing on this subject since 1894, and who in 1918 in articles on the London "Times" faithfully but unavailingly warned Britain of the disasters that must ensue from the proposed policy of deflation.

"Money Creators," by Miss Gertrude Coogan (Sound Money Press, Inc., 120 W. Adams Street, Chicago, 2 dols.) is a very readable popular exposition of the subject, written with special reference to American history.

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