



THE TRUTH
ABOUT
THE SLUMP

(With a Postscript.)

A. N. FIELD

THE TRUTH ABOUT THE SLUMP

What the News Never Tells

By A. N. FIELD

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“Democracy has no more persistent or insidious foe than the money power, to which it may say, as Dante said when he reached in his journey through Hell the dwelling of the God of Riches, ‘Here we found Wealth, the great enemy.’ That enemy is formidable because he works secretly, by persuasion or deceit, rather than by force, and so takes men unawares. He is a danger to good government everywhere.

“The truth seems to be that democracy has only one marked advantage over other governments in defending itself against the submarine warfare which wealth can wage, viz., Publicity and the force of Public Opinion. So long as Ministers can be interrogated in an assembly, so long as the press is free to call attention to alleged scandals and require explanations from persons suspected of an improper use of money or an improper submission to its influences, so long will the people be at least warned of the dangers that threaten them. If they refuse to take the warning they are already untrue to the duties that freedom prescribes.”

—The late Lord Bryce in
“Modern Democracies” (1921).

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AUTHOR'S NOTE.

Since this book was written at the beginning of 1931 many momentous changes have occurred. It has not been practicable to revise the text throughout, but a post-script has now been added to the book bringing it up to date.

—A. N. F.

October, 1932.

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INTRODUCTION.

This book tells the story of who caused the slump and how they caused it, and it directs attention to two simple steps that can be taken to save our farmers and traders.

No greater mistake can be made than to suppose that the present slump in commodity prices is due to blind economic forces. The depression from which we now suffer is due to an artificially induced variation in the purchasing power of money. In these pages will be found ample evidence in support of this statement. The quarter from which the trouble is coming is indicated, and the amazing manner in which the machinery for monetary control of the world was established is traced out. The story of the slump is essentially a story of men and their motives. Some of those motives, such as declarations of hostility to the British Empire, and action inimical to it, are matters of open public record: others are a matter of speculation.

The facts set out rest upon unimpeachable authority, and the sources are given throughout. Any reader who has access to a large library can verify them all for himself, and by a little research would doubtless uncover much additional matter supplementing and confirming what the present author has assembled.

Nevertheless, one may search in vain through the newspaper press, through the utterances of public men, through practically the whole current literature of today, for any reference to these central, pivotal facts governing the whole world price level and the financial and economic situation today. Why this silence?

The answer is that the most potent forces in the world today are forces that do not work in the open. They could not work in the open: for if they did mankind would not for one instant tolerate their continuance. It is essential for the success of their plans that the people of the world should be unaware of the chains that have been made to enmesh them.

A small number of persons in different countries have shown by their utterances that they are well aware of what is taking place—or, rather, has been taking place—for the chain of events extends back over a long period of time.

Three-quarters of a century ago Disraeli told Britain's House of Commons that "the world is governed by very different persons from what is imagined by those who are not behind the scenes."

In a recent interview, General Ludendorff, chief of the German General Staff through the war, declared that the world today is ruled by "secret supra-national powers," "the same diabolically clever wire-pullers that brought about the last cataclysm."

In the London "National Review" six years ago Mr. Arthur Kitson wrote about "Our Invisible Rulers," and in other articles has expounded this same theme.

In giving evidence before a United States Congressional committee in 1926, Mr. Western Starr, head of the United States Farmer-Labour Party, declared that unless a certain group of men, whom he referred to as "these old men of the sea," had their power curbed the world would be plunged into another war, compared with which the last war would be "like a Fourth of July picnic."

More cryptically, but none the less significantly, Sir Josiah Stamp, one of Britain's foremost business men and economists, has expressed the opinion—remarkable as coming from a director of the Bank of England—that money, after having brought civilisation to its present level, may well "actually destroy society." When the reader has digested the facts herein assembled this statement may fall less incredibly on his ear.

It is impossible to maintain our country in a state of security unless we face the facts and conform to reality. Our national peril is that we are ignoring all the vital facts of the situation. Our enemies are none the less real because their ways are hidden ways. But they are a thousand times more insidious. What the war failed to do they seek to accomplish, and their ambition is to shatter in bankruptcy and ruin the once-splendid fabric of the British Empire.

A. N. FIELD.

Okiwi Bay,
Croixelles.

February, 1931.

CHAPTER I.

SOME FACTS ABOUT MONEY.

Before we can get very far into this matter of the price slump it is necessary to bear in mind a few simple facts about money. Contrary to general belief the essential facts about money are really quite simple and capable of being understood by any person of ordinary intelligence.

The chief thing to remember about money is that the more there is of it the less it is worth, and the less there is of it the more it is worth.

That is to say, if everybody woke up tomorrow morning and found himself or herself in possession of twice as much money as he or she had the day before, what would be the position? Jones and Brown, we will suppose had planned to go to an auction sale to buy a house. Both are keen to get it, and each finding himself in possession of twice as much money as he had the day before lets his bidding run higher. Multiply this all over the country, not only with house property but with everything else, and the net result will be that the price of everything will—after a time—be just about double what it was before the money was doubled. That was the situation we had just after the war when the price of everything went sky-high.

We will now suppose that the situation is reversed, and that we all wake up one fine morning—as many of us have done—to find ourselves in possession of half as much money as we had the day before. Naturally we have to make that little go a long way. Jones and Brown probably both decide that they can get along as they are and that buying that house must stand over. Everybody else is of the same mind. Gradually, after a time, the price of everything will drop to somewhere about half of what it was before the money supply was cut off.

Fortunately these changes do not happen overnight—or very rarely do—but they do happen rapidly enough

to cause enormous dislocation of human affairs. For instance by the early part of 1920 a British pound would buy only about 40 per cent. of what it would buy before the war. A few months later it would buy two-thirds of what it bought before the war, an increase in the purchasing power of money of 65 per cent. in one hit.

Moreover, in our illustration we have supposed that when the supply of money was doubled or halved everybody found himself and herself possessed of twice as much or half as much as the case might be. The disastrous thing about these increases or decreases in the quantity of money is just that they are not shared out evenly. Some people get more than their share and others get less. When money is plentiful everyone who has things for sale can put up his prices without more ado. But people who have to depend on money payment, the amount of which is fixed by contract or custom, find themselves very badly off. They get the same money income as before, but as the price of everything is up they are in a bad way, and maybe what was a comfortable income before becomes quite insufficient to live on. In the end everything adjusts itself, the old contracts run out and are renewed on a new basis, and fees and other charges fixed by custom are raised. Before this is done a great many people will probably have been ruined through no fault of their own and thrown into poverty and destitution.

Both these processes — increase (inflation) and decrease (deflation) of the currency—are great public evils. Of the two deflation is by far the worst. In an inflationary period the active people who are producing things benefit and the inactive and unproductive people, such as the drawers of interest, are injured. In a period of deflation, such as we are now experiencing, it is the other way round, and the active producers suffer, while the people who live on interest receive more than their share.

For instance, let us suppose that Farmer Robinson had bought a farm five years ago, and had figured it out that of his gross income one-third would pay his mortgage interest bill, one-third would keep him and his family, and the other third he would have free to put back into the farm. Very well, we will next suppose—it does not need much supposing—that Farmer Robinson's

income from his farm has fallen 50 per cent. by reason of the decline in the prices for his produce. For every £100 that formerly came in only £50 will now come in. But his mortgage interest bill will still remain at the old figure and out of every £50 he receives he will have to set aside £33 6s. 8d. for his mortgage interest. This will leave him with £16 13s. 4d. to carry on with in place of the £66 13s. 4d. free income for keeping himself and improving his farm that he reckoned on five years before. In other words an interest charge that formerly took one-third of the farm produce to satisfy it now requires two-thirds of the shrunken income.

Taken by and large that is what the farmers of New Zealand are up against today. The amount of money they are receiving for their produce has shrunk to about half what it was, and an altogether disproportionate share of that reduced income is swallowed up in mortgage charges. If the farmer cannot meet those charges his equity in his farm vanishes, and whether he remains on his farm or goes off it depends on whether his mortgagee thinks it more profitable to turn him off now or leave that over till later when the place can be sold up to better advantage. If he remains on it is only because he is willing to work for less than wages.

That the farmer's equity in his holding should be the first thing to vanish when a period of depression arrives is a morally vicious thing, and wholly opposed to the national interest. It is due to the fact that we live under laws that have been made at the behest of money-lenders in the interests of money-lenders.

The next point we have to consider is how these changes in the purchasing power of money are brought about. They are part of the price the world is obliged to pay for that disastrous modern invention, the Gold Standard. In countries that are properly on the gold standard every person who has a money claim on another can demand payment in gold coin. In a gold standard country anyone can take gold bullion to the mint and have it stamped into coin on paying a small fee. Altogether there is about 2,000 million pounds' worth of monetary gold in the world. Practically the whole of this, or, at any rate, by far the greater part of this gold is private property. At the end of 1929 the gold holding in Britain was about 150 millions. At the same date the

British National Debt, payable in gold, totalled about 7,500 millions. That is to say, the British Government alone owes three and three-quarter times as much gold as there is in the whole world, and fifty times as much as was held in Britain. And this debt is but a drop in the bucket of the total debts payable in gold.

In face of these figures the gold standard seems an incredible thing. It has been described, and not unjustly, as a fraudulent standard. It works only so long as no more than a tiny fraction of the people who are entitled to be paid in gold actually demand gold. As soon as any number of them demand gold the only thing the banks can do is to shut their doors and suspend payment. The whole thing is a sham and a fraud from top to bottom and has been the cause of more misery and wretchedness than probably any other human invention.

As the amount of gold is entirely insufficient for monetary purposes a vast superstructure of paper money has been built up, all based on this 2,000 millions of gold. First of all there is a limited amount of paper money proper in the form of Government or bank notes. On top of this there is that other and immensely more important form of paper money, the private cheque, in which the great bulk of payments are nowadays made.

In gold standard countries the total volume of notes in circulation and the total amount of cheques that may be written are all regulated by the gold held by the banks. The ratio of notes to gold is almost universally fixed by law. Banking policy usually fixes the ratio of cheques to the cash holdings. In Britain and America this cheque or credit currency usually stands to cash in the ratio about 7 to 1, but the figure is very variable.

This cheque or credit money is an elastic thing. The banks create it whenever they make an advance on overdraft. When bank advances are increased the quantity of money thus increases. To express ourselves more precisely we should say the purchasing power of the community increases. If there is no corresponding increase in the quantity of things purchasable this means that the general price level goes up, and what is described as an increase in the cost of living takes place.

On the other hand, when a bank calls up an advance it reduces purchasing power and decreases the quantity

of money. If the banks make a general move in this direction the purchasing power of the community shrinks and the general price level falls.

In speaking of prices and the price level the reference is, of course, to prices as a whole, not the prices of individual commodities. As Professor Irving Fisher has pointed out in his "Money Illusion," there are two kinds of movement in prices. The price of every individual marketable thing keeps bobbing up and down like the waves of the sea according to demand and supply and cost of production. Less noticeable, but much more important, the whole level of prices rises and falls like the tides of the ocean. It is only since the invention of index numbers that it has been possible to measure this latter movement. It is by far the most important movement. Every Government in the world now compiles its official price indexes. In New Zealand our Government Statistician compiles several. These indexes are compiled from scores, or usually a hundred or two, different prices, and show the movement of prices as a whole.

When money is based on a commodity—and not a particularly useful commodity—such as gold, changes in the value of gold can only express themselves by changes in all other values in relation to gold. When gold increases in value, a little gold will buy more, and the only way gold can buy more is by the prices of other things falling when expressed in terms of gold money. When gold declines in value, it takes more gold to buy the same amount as before, and in a gold standard country the only way this decline in the value of gold can find expression is by a rise in the price of things.

We have now reached a point at which several important facts have become clear. We have noted that there is in the world only about 2,000 millions of monetary gold, and on top of this, like an inverted pyramid, is erected an immense superstructure of credit and trade. If those who own this gold withdraw it from the banks and lock it away, the banks to escape bankruptcy, must curtail their loans, which they promptly do by cutting down overdrafts. This, as we have seen, reduces the public's purchasing power, and with reduced purchasing power prices must fall, and an era of trade depression set in.

CHAPTER II.

ONE COMMODITY CONTROLS ALL.

That money is more unstable in value than goods is a thing that few people realise for the simple reason that the only way a change in the value of money can find expression is by a change in the prices of goods.

The British pound is fixed by law as being 113 grains of standard gold. Except that eggs are cumbersome to carry about it might just as well have been decreed by law that a pound sterling was to consist of 113 eggs. Thereafter the price of eggs would always be nine and five-twelfth dozen to the pound. Everybody would say, "How stable in price eggs are: everything else goes up and down in price, but lo, behold, you always get 113 eggs for a pound note."

A little reflection will show us that as a pound had been decreed to be 113 eggs, eggs could never be any other price than 113 to the pound. Nevertheless if the fowls stopped laying and eggs became scarce this fact would not prevent the owners of eggs asking more for them. But if they gave only one egg for an article for which before the price had been two eggs, the result would be that expressed in terms of our egg pound the price of that article was reduced by half. That is exactly what happens when gold is cornered up and becomes scarce. The price of everything falls when expressed in terms of gold, that is in terms of money.

To control the price level, therefore, all that is necessary is to control gold. If you can control gold you can make a general fall in prices by locking the gold away, and you can make a general rise in prices by letting the gold out again. Incidentally, if you had this power you could make much money by buying when things were cheap and then selling again when they were dear. If instead of money you desired power you could buy up the industries, and all things whereby men live, during the periods of depression which you would create; and during the periods of prosperity which you would create you would be able—from the profits made by these industries you had already bought—to buy up more industries in the next period of depression you would

create. This process you could repeat until you finally came to own everything that you considered worth owning. In the end you would practically own the earth, and though but a private individual owning shares in this and that you would be more powerful than any government in the world.

That the main cause of periods of depression is not sunspots, as some people have fancied—or over-production or under consumption, as others hold—but is due to changes in the value of money is a view now widely held. For instance, let us consider the report of the Committee on Stabilisation of Agricultural Prices set up by the British Government and whose findings were published in 1925. That Committee said:

“Historically it is the fluctuations in agricultural prices as a whole which have been of the greatest importance and have had the most far-reaching consequences. The explanation of such general variations in prices is properly attributed to monetary causes—that is to say, the changes in the total available means of payment in a community to the total quantity of good and services to be marketed.”

In the course of its report the Committee went into the matter at length. It said:

“The history of agriculture since the Napoleonic wars, disregarding minor booms and depressions, may be roughly divided into five periods of alternating depression and prosperity, namely, 1820-50, 1850-74, 1874-96, 1896-1920 and 1920-24. A study of these periods can leave little doubt as to the disastrous consequences to agriculture of the variation in the purchasing power of money.

“In the past hundred years the three severe and protracted depressions—the first following the Napoleonic wars, the second after 1873, and the third following the European war, have in each case been due to falling prices. We do not propose to give a detailed analysis of these periods of agricultural history. It is sufficient to mention that in each case there was a profound disturbance of monetary conditions. In 1819 an Act of Parliament restoring the gold standard brought about a drastic restriction of the monetary circulation, as a result of which the prices of all commodities, including the products of agriculture, declined very rapidly. In

1874 the adoption of a gold currency by many countries of the world caused a shortage of gold, with the result that prices fell in all gold standard countries. In 1920 a policy of securing a gradual return from a paper to a gold currency was put into force with a similar result on prices. We need not describe in detail how these events worked out in the case of agriculture. The depression of 1920-23 has been dealt with elsewhere, and we attach to this report a memorandum setting out more fully the connection between monetary events and the condition of agriculture between 1874 and 1896. All we wish to do here is to call attention to the fact that in each of these periods the depression of agriculture was brought about by a general fall in prices, and that these price movements had their origin primarily in monetary causes.

"In the crisis which followed the Napoleonic wars, and in that after 1874, agriculture was reduced in many districts to a pitiable condition. In both cases much agricultural land was abandoned or greatly deteriorated, and the hardships caused to the rural population can hardly be exaggerated. If in the case of 1920-23 the losses and sufferings were less severe in spite of the very rapid fall in prices, it is because the crisis was preceded by a period of very rapidly rising prices during which large profits were made by the farmers. The majority were thus enabled to survive the severe slump which succeeded it.

"It is, however, only necessary to study the history of agriculture during the nineteenth century to see the demoralization and other ill effects of a depression that did not cease with the end of a period of falling prices. The alterations in the character of farming, the deterioration of large tracts of land, and the demoralization of the working population, have left their marks on the industry long after the causes which brought them about have ceased to operate. In short, the history of the nineteenth century seems to show, in a manner which is beyond dispute, that variations in the purchasing power of money have been responsible for greater misfortune to agriculture than has arisen from any other single cause."

That is a clear and emphatic enough statement by a British Government Committee. Equally emphatic is the view of the Rt. Hon. Reginald McKenna, formerly Chancellor of the Exchequer in Britain, and now chair-

man of the Midland Bank. In his annual address to the shareholders of that institution in 1926, Mr. McKenna expressed the opinion, frequently repeated by him, that almost the whole of Britain's post-war trade depression and unemployment has been due to mistaken monetary policy. In his 1926 address Mr. McKenna said:

"Is there then any other contributory cause of this long continued trade depression? . . . Is there indeed, any explanation at all, or is it a haphazard affair nobody can understand and which we need not trouble to investigate? There is in truth no mystery in the matter, and in dealing with any country but our own we should not have the slightest difficulty in forming a right judgment. When we ourselves are not immediately concerned we recognise at once the influence upon trade of monetary conditions and policy . . . It is only when we turn from foreign countries and come to consider our own case that we meet a certain reluctance to discuss the effect of monetary policy upon trade and employment. That such influence exists is not categorically denied, but the subject is too often treated as one best left alone, lest we be led to unorthodox conclusions."

This last remark of Mr. McKenna's makes it interesting here to interpolate the following from an article by Mr. Arthur Kitson published in the "National Review" for March, 1925:

"Those who wish to understand the mysteries of money will never succeed until they realize that money-lending is a business run solely for the profit of the moneylenders, and therefore all rules, laws and so-called 'principles' governing finance are in reality devices for giving the members of this profession control of their business. In this respect the control of money and the means adopted are not dissimilar to those necessary for controlling wheat, cotton, wool and any other commodity."

A foremost American authority expressing the same view as Mr. McKenna is Professor Irving Fisher, formerly Professor of Economics at Yale University, and who is described by Sir Josiah Stamp, a director of the Bank of England and himself a much-quoted authority on economics, as representing the "best informed opinion" on the subject of money. In his book, "The Money Illusion," published in 1928, Professor Fisher

pointed out that the statistics of the International Labour Office at Geneva showed that in 1919-25 monetary deflation occurred in 22 countries and was followed by depression of trade and increased unemployment in all these countries, with three unimportant exceptions. In the United States and England the deflation of 1920-21 threw millions out of work. In England, the Professor points out, a second deflation was brought about in 1925-26 to bring the pound back on the gold basis. Again came unemployment and labour discontent, and the biggest strike in England's history. "Of course," adds Professor Fisher, "other causes were involved, but deflation was a powerful factor, and all the more powerful because hidden from view by the Money Illusion."

The "money illusion" referred to by Professor Fisher, is the illusion from which we all suffer, that prices rise and fall but money remains unchanged in value, whereas the truth is that our gold money is one of the most unstable things in the world.

In the front rank of European economists is Professor Gustav Cassel, of Sweden. In the course of some lectures which he delivered at Columbia University, New York, in 1928, and which have been since published under the title "Post-War Monetary Stabilisation" (Columbia University Press, N.Y., 1928), Professor Cassel said:

"What we call the general level of prices is, in fact, merely an index of the purchasing power, or value, of money. But the value of money cannot possibly be dependent on anything but the supply of money in relation to the demand for money. Even the value of money must follow the general law of supply and demand. The prevalent notion that the general level of prices is determined by a number of other factors, such as the cost of industrial production, ocean freights, etc., must be relegated to the domain of economic dilettantism."

Of the post-war return to the gold standard, Professor Cassel says (p. 34):

"Theoretically this was not necessary. The world had a system of paper standards, and if each of these paper standards had been simply stabilised at a certain purchasing power against commodities, the world would have had a satisfactory monetary system. Stabilisation did not in itself require that the separate currencies should be bound up with gold. . . .

"The gold standard is, however, by no means an ideal standard. The value of gold is subject to variations which cause serious difficulties to every country the economic system of which is built up on the basis of a gold standard. The modern gold standard dates from the Napoleonic wars. . . . Apart from the short-time fluctuations of the price level, attributable to trade cycles, great secular alterations in the purchasing power of gold have taken place. When, for instance, the index figure of Sauerbeck fell from 111 in 1873, down to 61 in 1896, this is sufficient to prove that gold is no reliable measure of value, and that even with a gold standard economic life is exposed to serious disturbances having their root in an unstable monetary system. The period which I mention is known in history as a period of prolonged economic depression. The generation then living had to pay a very heavy price for having built up its monetary system on a unit which could almost double its value within a quarter of a century."

Later on we shall see from documents which have been quoted in the United States Congress that the money interest itself recognises very clearly the importance of being able to control the quantity of money.

To understand the price slump it thus becomes necessary to trace out the mechanism by means of which the quantity of money is controlled and to learn what we can of the men who operate it.

CHAPTER III.

SOME TRICKS OF THE TRADE.

The modern gold standard is the invention of a British statesman on the advice of a British banker. That statesman was Sir Robert Peel, whose own father curiously enough regarded him as a financial lunatic, and the banker was Samuel James Loyd, better known as Lord Overstone. In 1816 Lord Liverpool's Government had demonetized silver as legal tender except for small transactions not exceeding £2. Prior to that date gold and silver ranked equally as legal tender in Britain, as they did for many years after in most other countries.

As a great battle has raged around the silver question in different countries, it may be here explained that two metals are more difficult to control than one, and silver for this reason has consequently been extremely obnoxious to the great international money interest.

A cheerful beginning to the adoption of gold as sole legal tender in 1816 was a decline in prices of 24 per cent. between 1819 and 1824. The cause of this was the increased demand for gold in Britain, which was felt throughout the whole civilised world.

In 1844 came Sir Robert Peel's Bank Charter Act. Under that Act it was laid down that every ounce of gold of standard weight and fineness taken to the Bank of England must be purchased at £3 17s. 9d. and coined into sovereigns, or have Bank of England notes issued against it at the rate of £3 17s. 10½d.

The particular price put on gold was found by comparing it with silver. In Sir Robert Peel's time, when silver was the standard of most countries, an ounce of gold exchanged for about 15½ ounces of silver—the price of which was £3 17s. 10½d.

This Act had to be suspended three years after it was passed to save the banks and the country from ruin. It was again suspended in 1857, in 1866, and in 1914. As the amount of gold is totally insufficient for monetary purposes the gold standard collapses completely in any great emergency, and even when it does not entirely collapse it is accompanied by periodic financial crises

bringing needless disaster on hundreds of thousands of innocent persons.

The gold discoveries in California and Australia, and later in South Africa, were the principal things in preventing the gold standard from proving unworkable long ago. When this new gold began pouring into Europe soon after the middle of the century there was alarm among the money lenders. Some feared so much gold would come in that it would be better to abandon gold money and go for silver. Another course was to counterbalance the new gold by cutting out silver. Ultimately, on June 17, 1867, delegates from twenty governments met in Paris as an International Monetary Conference and voted in favour of an exclusive gold standard, but permitting each State to keep its silver standard temporarily.

"Thus," declared Mr. George H. Shibley, Director of the American Bureau of Political Research, in giving evidence before a Congressional Committee in 1913, "was accomplished the first step in one of the most horrible conspiracies against mankind the world has ever witnessed. The subsequent history of periods of falling prices for commodities bears out my assertion."

Following on this conference movements were initiated all over the world, even in countries as remote as Japan, with the object of making gold the sole monetary standard. In two notable instances the objective was gained by subterfuge.

In Britain, although long on gold, there was power under the law to resume the issue of silver as full legal tender by Royal proclamation, provided the Privy Council concurred. In 1870 a bill consolidating the mint laws was introduced into Parliament with this provision omitted. "Yet," stated Mr. Shibley in his evidence quoted about, "when the bill was up for passage no mention of the great change was made—at least nothing appears in the debate reported by Hansard (Vol. 199, col. 730). Again in the House of Commons the members were assured that the object was simply to perfect the mint law; and the same false statement was made in the House of Lords. The facts in detail," Mr. Shibley added, "have been stated by Alexander del Mar."

In the United States exactly the same thing was done. A bill was introduced in Congress to revise the mint law and the silver dollar was dropped from the list of coins

that might be minted. The first appearance of this bill was twenty-four days after the British mint law revision had been passed by Parliament. The Bill, however, did not get through until 1873. Nevertheless the absence of the silver dollar was not mentioned. The bill was passed by Congress in 1873, and a letter written by President Grant, who signed the bill, shows that eight months after it had been passed he was unaware that silver money had been abolished except for small change for amounts not exceeding five dollars. Leading members of Congress were also not aware of what they had done.

A tremendous agitation followed on the discovery of this trick, and in 1878 standard silver dollars were again made full legal tender save that by private contract parties might stipulate for gold payment of debts. Following on the monetary stringency of 1890 the Sherman Silver Purchase Act was passed by Congress, providing that the Government in order to prevent contraction of the currency should buy a stipulated quantity of silver each month. This law was exceedingly distasteful to the money interest, and an agitation against it was at once begun.

Some interesting light was thrown on this agitation by the Hon. Chas. A. Lindbergh, a member of Congress from Minnesota. From his place in the House of Representatives Mr. Lindbergh stated that he had seen a circular sent out by the American Banking Association and circulated among the influential national banks of the United States. This circular, bearing the date of March 11, 1893, was stated by Mr. Lindbergh to read as follows:

"The interest of national banks requires immediate financial legislation by Congress. Silver, silver certificates, and treasury notes must be retired, and national bank notes upon a gold basis made the only money. This will require the authorisation of five hundred millions to one thousand millions of new bonds as the basis of circulation. You will at once retire one-third of your circulation and call in one-half of your loans. Be careful to make a monetary stringency among your patrons, especially among influential business men. Advocate an extra session of Congress to repeal the purchasing clause of the Sherman law, and for its unconditional repeal per accompanying form. Use personal influence with your

Congressmen, and particularly let your wishes be known to your Senators. The future life of national banks as fixed and safe investments depends upon immediate action as there is an increasing sentiment in favour of Government legal tender notes and silver coinage."

This is a surprising document, but many surprising documents may be discovered by the curious printed in the Congressional Record reports of the delegates on United States currency and banking bills. Mr. Lindbergh, himself, for instance, in 1913 quoted what is known as the Hazard circular sent out to the leading American banks in 1862 during the Civil War. That remarkable document read as follows:

"Slavery is likely to be abolished by the war power and all chattel slavery abolished. This I and my European friends are in favour of, for slavery is but the owning of labour and carries with it the care of the labourers, while the European plan, led on by England, is that capital shall control labour by controlling wages. The great debt capitalists will see to it is made out of the war must be used as a means to control the volume of money. To accomplish this bonds must be used as a banking basis. We are now waiting for the Secretary of the Treasury to make his recommendations to Congress. It will not do to allow the greenback, as it is called (Government paper money), to circulate as money for any length of time, as we cannot control that. But we can control the bonds, and through them the bank issues."

To return to the agitation of 1893, the special session desired by the bankers was called by President Cleveland, who had just been inaugurated after a campaign fought on the tariff question. It was thought that the special session was to deal with the tariff, and the country and politicians alike were greatly surprised to find that the sole measure for consideration was the repeal of the Sherman law, a matter that had scarcely been mentioned in the election campaign.

Congress was unfavourable to the proposal and the bill did not pass. On June 25 it was announced that India had stopped the free coinage of silver. This at once sent the price of silver down to the lowest point ever recorded. The Colorado and other silver mines in the United States stopped work, banks began to fail in the South and West, many factories shut down, wealthy

men of unquestioned credit could not get cheques cashed. Compared with the previous year the number of bankruptcies doubled, with a sevenfold increase in the liabilities. Three great railway systems went into the hands of receivers, the Union Pacific (of which more later), the Northern Pacific, and the Erie. At a special session of Congress later in the year the silver purchasing clause of the Sherman law was repealed. Meanwhile the crisis was already checked. Foreign investors began sending in money, taking advantage of the low price at which stocks were selling. It took American industry, for all its resources, four or five years to recover from this blow.

The results following on this panic were summed up by Mr. Arthur Kitson in the preface to the English edition of his book "The Money Question" (Grant Richards, London, 1903):

"Whether the events which have since transpired as a natural sequence," wrote Mr. Kitson, "were or were not foreseen by the panic organisers it is impossible to say, but the consolidation of capital—which before 1892 was a somewhat difficult problem—became very simple under the so-called gold standard regime. With the Government no longer a competitor, the banks rapidly combined for purposes offensive and defensive, and for all practical purposes the control of the currency under a single head became a possibility. Having the ability to employ so vast a power, the exploitation of the industries of America was rapidly accomplished. Undoubtedly the simplest way for first getting control of the industries of a country is to first get control of its currency. For the blessings or evils (whichever view one chooses to take) resulting from the formation of the great Trusts we must credit the financial policy of President Cleveland. In addition to having placed the nation's industries at the mercy of the bankers, another result of this policy was to indefinitely postpone the Free-trade era which was about to dawn upon the United States. . . .

"It is but fair to say that President Cleveland had no conception of the results that would follow the policy he inaugurated, for no one has denounced the system of monopolies and trusts more strongly than he, who was instrumental in creating that greatest of all—the Money Monopoly."

The crisis of 1893 was felt much further afield than the United States, for it extended even as far as Australia and New Zealand causing the suspension of many of the banks. While a considerable amount of publicity has been shed on certain forces concerned in the production of this crisis in the United States, it seems elsewhere to have been accepted as a natural visitation. Nevertheless the closing of the Indian mint to silver at so convenient a time for the drafters of the American bank circular points strongly to concerted action by financiers in different countries with a view to producing a world-wide variation in the purchasing power of gold.

CHAPTER IV.

WHERE WE ARE RULED FROM.

The extracts quoted in the previous chapter show pretty clearly that variations in the value of money are the chief causes of periods of prosperity and depression. Our next step is to discover how these variations occur today.

As many people are still innocent enough to believe that gold—unlike silver, copper, tin, lead, and any other metal or commodity one likes to name—has a magical unchanging value and is incapable of being cornered, manipulated, controlled, or managed in any way, it is worth noting what some foremost authorities have to say about this metal and its control.

Everyone knows that paper money is managed money and that a danger of it is that those who manage it will print so much of it that it becomes worthless. Here is what Professor Cassel says about the modern gold standard:

“The whole lesson of the world’s sad experience of monetary mismanagement can only be drawn if we realise that the gold standard is nothing else than a paper standard, the value of which is entirely dependent upon the way in which the supply of means of payment is regulated. The characteristic feature of the gold standard is only that this supply is regulated with the object of keeping the currency on a certain par with the value of gold.”

Professor Cassel goes on to tell us what happened to gold when the war came:

“It was not enough that the gold standard was abandoned and that paper standards were adopted, but even the value of gold itself was affected in such a way that it was completely discredited as a measure of other values. . . . When gold coins were drawn out of circulation and when European gold flowed in large quantities to America, a superfluity of gold arose in this country (the United States), pressing down the purchasing power of gold to about 40 per cent. of what it had been at the beginning of the war. This lowest value was

reached in the spring of 1920, from which date, by means of a gradual process of deflation, the value of gold was brought up again in a few months' time to about two-thirds of its pre-war value."

That there is nothing automatic about the gold standard is also the view of Professor Irving Fisher. In his "Money Illusion," Professor Fisher says:

Under modern conditions with our vast credit structures the old theory of an automatic gold standard, beyond the reach of any voluntary control, has ceased to have much relation to reality. . . . To-day then, instead of saying that the paper dollar, or credit dollar, derives its value from the gold dollar into which it is convertible, it would be truer to say that the gold dollar derives its value from the credit dollar into which it is convertible. And since the volume of circulating credit is controllable and controlled we have already a managed currency in spite of ourselves."

None of the writers quoted has any doubt as to where or how the world's gold money is managed today. The institution that controls it is the United States Federal Reserve Board, a body established in 1913 as the chief part of a plan of banking reform enacted by Congress in that year.

Here is what Sir Josiah Stamp has to say of the United States Federal Reserve Board in an interview in the "New York Evening Post," reprinted by the National City Bank in its monthly circular for February, 1926:

"Never in the history of the world has so much power been vested in a small body of men as in the Federal Reserve Board. These men have the welfare of the world in their hands, and they could upset the rest of us either deliberately or by some unconscious action.

"Mind you, I am not criticising them, but it is precarious to have such concentrated power vested in such a body."

In his book "America Conquers Britain" (Knopf 1930), Mr. Ludwell Denny says:

"Many nations may laugh at our State Department, but all must tremble before our Federal Reserve Board.

"High money rates in the United States early in 1929, for instance, forced an increase in the official discount

rates almost at once in England, in ten European countries, in two Latin-American countries, and two in the Far East. And in almost every case that action restricted business and brought suffering to millions of foreign workers.

"That blow hit Britain hardest of all. It checked her trade revival. . . . As a result the British Board of Trade index soon showed a decline in commodity prices which the British correctly attributed to the rise in European money rates owing to the necessity which devolves upon central banks to withstand the pull of high call-money rates in America."

Here again is what Mr. Reginald McKenna had to say on this subject in his chairman's address at the annual meeting of the shareholders in the Midland Bank in London on January 28, 1928:

"Today, as before the war, the price of gold in America is fixed, and we are apt to assume that the value of gold continues to govern the value of the dollar. But such an assumption is no longer correct. While an ounce of gold can always be exchanged for a definite number of dollars, the value of the ounce will depend on what those dollars will buy, and this, in turn, will depend upon the American price level. If the price level in America fluctuated according to the movements of gold, the purchasing power of the dollar would still depend, as it did formerly, upon the value of gold. But we know that this is not so. As I have just shown the American price level is not affected by gold movements, but is controlled by the policy of the Reserve Banks in expanding or contracting credit. It follows, therefore, that it is not the value of gold in America which determines the value of the dollar, but the value of the dollar which determines the value of gold.

"The mechanism by which the dollar governs the external value of gold is obvious. If the price level outside America should rise in consequence of an increase in the supply of gold, America would absorb the surplus gold; if on the other hand, the external level should fall in consequence of a shortage of gold, America would supply the deficiency. The movement would continue until the price levels inside and outside America were brought once more into equilibrium. Although gold is still the nominal basis of most countries the real deter-

minant of movements in the general world level of prices is thus the purchasing power of the dollar. The conclusion, therefore, is forced upon us that in a very real sense the world is on a dollar standard. . . .

"I conclude that as long as conditions remain at all similar to those we know today America will be able to maintain control over the world level of prices."

That Britain put her money and prices under American control when she went back on to the gold standard in 1925 is also the opinion of Professor Irving Fisher. Commenting on Mr. McKenna's statement, Professor Fisher wrote in "The Money Illusion":

"As Reginald McKenna has said, the world now has a 'dollar standard' fixed by credit control rather than a gold standard fixed by gold bullion as such. It is doubtful if Englishmen would have relished this fact had they fully realised it when they adopted what they supposed to be an automatic gold standard. For what they really did was to substitute for an English-managed an American-managed standard. They were afraid to trust the English Government to manage its paper currency to keep it stable, but are now in the position of trusting the American Federal Reserve system to manage credit so as to keep it and all other money stable throughout the world."

Innumerable other opinions that the world's money and prices are chained to the policies pursued by the financiers who control America might be quoted. It is sufficient to conclude with what Professor Cassel has to say on the point in his book already mentioned:

"The monetary policy of the United States determines the value of the currency of every other gold standard country. The Federal Reserve authorities therefore control not only the general level of prices in the United States, but also the price level of all other gold standard countries in the world. . . .

"When the central bank system possesses a gold cover of over 70 to 80 per cent. for notes and deposits, while a ratio of 35 to 40 per cent. is required by law, it does not in the least matter whether this gold cover is increased or reduced by a few per cent. Hence the leaders of the United States bank policy are not obliged to pay any consideration whatever to minor fluctuations in the gold cover. This means that the Federal Reserve system is in

a position, of course within certain limits, to regulate the supply of the means of payment in the country without any regard to the movements of gold. Thus the Federal Reserve exercises an independent influence upon the level of prices. Other gold standard countries are compelled to follow suit and to adjust their price levels in conformity with that of the United States. Otherwise they expose themselves to a depletion of their none too abundant stocks of gold, or else to an influx of gold which they could not afford to leave unutilised. The increase or decrease in the stock of gold in the United States, which would be connected with such movements of gold, would have no material bearing on the monetary situation of that country, which, in spite of the fluctuations of its monetary stocks of gold, would be quite able to keep its general level of prices constant. **Consequently the price level of the United States has a determining influence on the world price level, which is actually regulated by the leaders of United States bank policy."**

Who are these leaders of United States bank policy who rule the world price-level today? The answer to that question deserves a chapter to itself, for when we uncover that leadership we reveal the seat of world control.

CHAPTER V.

THE MEN AT THE TOP.

In the preceding chapters we have seen that the most important thing in determining the price level for commodities is the quantity of money: we have also seen that the dominating factor in the money situation is the United States Federal Reserve Board. This Board is undoubtedly the most powerful human organisation in the world today. As previously stated it was founded at the end of 1913 by President Woodrow Wilson. Its real creator was Mr. Paul Warburg. Mr. Carter Glass, who piloted the measure through the House of Representatives, claims to be its originator, but in two large volumes published last year, "The Federal Reserve System: Its Origin and Growth," Mr. Warburg provides convincing evidence, amply supported from other sources, showing that he was the real originator of the board. In noticing these volumes the "American Review of Reviews" in June last told the story of the Federal Board as follows:

"Paul Warburg came to the United States from Germany thirty years ago. The story of his career might be more picturesque had he arrived via the steerage and the immigrant station at Ellis Island, but it happened that he took up his residence here as a young man of 34 who had already won a junior partnership in the powerful banking firm of Kuhn, Loeb and Company.

"He had been trained under the central banking systems of European countries, and to him American banking methods were archaic. If we had waxed prosperous as a nation it was in spite of a horrible banking system. With the rashness of youth he prepared a plan. Having prepared it, what else could he do but show it? In particular he showed it to the head of the firm, and the great Mr. Schiff (Jacob H. Schiff) passed it on to the great Mr. Stillman (James the elder), president of the National City Bank of New York. A few days later the young banker looked up from his desk to respond to Mr. Stillman's friendly but sarcastic greeting: 'How is the international financier?' He was advised to leave things alone: America had nothing to learn from Europe.

"The panic of 1907 brought Mr. Stillman back to Mr. Warburg's desk, and it brought to political as well as business leaders the need for financial reform. Mr. Warburg likens our banking system at that time to a community where each householder possesses a pail of water as a protection against fire and jealously holds on to his own supply whenever a neighbour's house is threatened.

"Looking back over the record of subsequent years one might wonder how Mr. Warburg kept his job with the banking house, so assiduously did he wage a campaign that was not ended with the passage of the Federal Reserve Act. In January, 1907, before the financial panic of the same year, he wrote by invitation an article for the 'New York Times' annual financial review under the title 'Defects and Needs of our Banking System.' Later in the midst of the panic he published a paper entitled 'A Plan for a Modified Central Bank.' He fought against the idea then prevalent of an elastic currency based exclusively on Government bonds. He fought against the dominance of political officers in any new plan. He argued for the inclusion of state banks and even trust companies at a time when others talked only of an association of national banks. He desired the inclusion of commercial paper among the liquid assets of a bank against which notes could be issued.

"Five years after Mr. Stillman had poured cold water on his ideas Mr. Warburg was being consulted by Congressman Burton, and was enjoying one-way correspondence with Senator Aldrich, leader of the Old Guard and author of the Republican plan for reforming America's banking system. . . ."

The Federal Reserve Law was duly passed by Congress. It differed very slightly from what was desired by Mr. Warburg, and that gentleman is reported to have said that this difference could be "corrected by administrative processes."

Mr. Warburg was appointed a member of the board on its establishment, and has been described by the London "Times," the late Sir Cecil Spring-Rice, British Ambassador at Washington during the war, and others, as the dominating force behind the Federal Reserve Board.

The Warburg family pedigree will be found in that

monumental work, the Jewish Encyclopædia. Mr. Paul Warburg is a younger brother of Herr Max Warburg, head of the banking house of Warburg and Company of Hamburg, established 1798. A list of the partners in this important banking house will be found in the "Enropa Year Book." In addition to members of the Warburg family, the partners include Dr. Ernst Spiegelberg and Dr. Carl Melchoir. Dr. Melchoir, described by Lord D'Abernon, late British Ambassador to Germany, as one of Germany's greatest financiers, was one of the six members of the German delegation in chief to the Peace Conference at Versailles in 1919. He is now chairman of the Financial Committee of the League of Nations, having succeeded Sir. Otto Ernst Niemeyer, and he has been a chief promoter of the Bank of International Settlements, planned to be the central bank for gold control of the world, and staunchly supported by Sir Otto Ernst Niemeyer, and a large number of other Anglicised German-Jew financiers in London.

The memoirs of Prince Max of Baden show that during the Armistice crisis in Germany in 1918 Herr Max Warburg was constantly consulted by him. Herr Warburg, with three others, actually drafted the speech delivered by Prince Max on taking over the Chancellorship. When the late Lord Lansdowne wrote his defeatist letter in 1917 urging peace, Herr Warburg was sent to the Hague on Germany's behalf to see what could be effected in the way of disposing of England. Prince Max of Baden refers to Herr Warburg as Germany's greatest authority on American affairs, and the Prince's memoirs show that Herr Max Warburg occupied a position of very great influence indeed in Germany. As we shall see later he has been described as the financial dictator of Germany.

Herr Max Warburg was born in 1867. His brother, Mr. Paul Warburg, was born on August 10, 1868. From "Who's Who in America," it appears that Paul Warburg married Miss Loeb, daughter of Mr. Solomon Loeb of the firm of Kuhn, Loeb and Company, in 1894. He thus became a brother-in-law of the late Mr. Jacob H. Schiff, who had also married a Miss Loeb, and who had succeeded as head of the firm.

Another brother, Mr. Felix Warburg, born in 1870, had gone to the United States in 1894, marrying a daughter of Mr. Schiff a year later, and becoming a

naturalised American citizen in 1900. He also became a member of the firm of Kuhn, Loeb and Company, which his brother Paul joined on arrival from Hamburg in 1902, becoming naturalised as an American citizen a year or two before the war.

Another partner in the firm of Kuhn, Loeb and Company since 1897 is Mr. Otto H. Kahn. Mr. Kahn was born at Mannheim in Germany in 1867. He became a naturalised American citizen and later on a naturalised British subject. Mr. Kahn gave his London residence, St. Dunstan's Lodge, as a hospital for Blinded British soldiers during the war. Mr. Kahn published a book of memoirs in 1921, "Reflections of a Financier" (Hodder & Stoughton), and the foreword to it is written by the Rt. Hon. J. H. Thomas, now Secretary of State for the Dominions. Mr. Thomas wrote of Mr. Kahn in highly eulogistic vein, his concluding words being, "Otto Kahn's face is towards the light." When we come to examine the world-wide ramifications of the firm of Kuhn, Loeb and Company, and the nature of its activities, this intimacy of a British Labour leader with one of its partners will appear a little singular.

Some interesting reference to the early history of the firm of Kuhn, Loeb and Company appears in "All in a Lifetime" (Heinemann, 1923), the autobiography of Mr. Henry Morgenthau, formerly United States Ambassador to Turkey. Mr. Morgenthau writes (p. 77):

"Another group in the financial oligarchy (of New York) was Kuhn, Loeb and Company, originally clothing manufacturers in Cincinnati, then note brokers, and finally bankers. Their great feat was taking over from the United States Government Receiver the Union Pacific Railroad and re-organising it. They then made their famous alliance with E. H. Harriman, and established themselves in the first rank of American financiers through the success of this joint financing of the Union Pacific Railroad, one of the most profitable of all feats of financial legerdemain ever accomplished.

"The trust companies entered the ranks of the financial oligarchs by virtue of a peculiar provision of the banking laws which permitted them to accept deposits and grant the checking privilege against them which was enjoyed by the banks, without being required to main-

tain the cash reserves against deposits, which was exacted of the banks. By paying interest on daily balances they attracted the best—the non-borrowing—accounts.”

In mentioning a transaction of his with the Knickerbocker Real Estate Trust Company of New York, in 1899, Mr. Morgenthau states that “among its members were Solomon Loeb, of Kuhn Loeb, Henry O. Havermeyer, John D. Cummins and John E. Parsons.” It was the failure of the Knickerbocker Trust that precipitated the great New York financial panic of 1907, which panic has been widely denounced in the United States Congress and elsewhere as having deliberately been created by financiers at a time when the country was in a state of prosperity. A run occurred on the Knickerbocker Trust and other institutions which were left unsupported, the persons making the run being, it is alleged, of the millionaire class. The panic was used to direct attention to the need for reform of the banking laws and led to the success of the campaign of Mr. Paul Warburg, partner in the firm of Kuhn, Loeb, for the establishment in the United States of central banking on more or less German lines.

For many years, until his death in 1920, the head of the firm of Kuhn, Loeb and Company was Mr. Jacob Henry Schiff. Mr. Morgenthau in his memoirs refers to Mr. Schiff as “Mr. Schiff, the great financier and much beloved leader of the Jews, and recognised as one of the most eminent citizens of America.” The Schiff pedigree appears in full in the Jewish Encyclopædia. In this work it is stated that the Schiff family is the oldest contemporary Jewish family of which there is any record, its earliest known member having been born about 1370. This fact, in conjunction with Mr. Morgenthau’s reference to Mr. Schiff as the ‘leader of the Jews’—Mr. Morgenthau himself being one of the leading members of the Jewish race domiciled in America—lends an especial significance to the far-reaching operations of the late Mr. Schiff and his partners, operations which now encircle the entire globe and affect the trade and industry of all nations.

The following biographical sketch of Mr. Schiff’s career, up to the date of its publication in 1906, appears in the Jewish Encyclopædia:

“Jacob Henry Schiff, American financier and philanthropist, born January 10, 1847, at Frankfort-on-

Main, adopted the vocation of his father, one of the brokers of the Rothschilds in that city. In 1865 he emigrated to the United States, and was employed for a time by Frank and Gans, brokers, New York. In 1867 he formed the brokers firm of Budge, Schiff and Company, which was dissolved in 1873. He then went to Europe and made connections with some of the chief German banking houses. Returning to the United States he became on January 1, 1875, a member of the banking firm of Kuhn, Loeb and Company, New York, of which he was soon practically the head.

"Owing to his connection with the German money market Schiff was able to attract much German capital to American enterprise, more particularly in the field of railway enterprise. His firm, under his direction, became the principal reconstructors of the Union Pacific Railroad about 1897; and in 1901 it engaged in a struggle with the Great Northern Pacific Railway. This resulted in a panic on the New York Stock Exchange (May 9, 1901), in which the firm of Kuhn, Loeb and Company held the situation at its mercy. Schiff's moderation and wise action on this occasion prevented disaster and caused his firm to become one of the leading influences in the railway financial world, controlling more than 22,000 miles of railway and 1,321,000,000 dollars (£264,200,000) stock. To him was largely due the establishment of community of interests among the chief railway combinations to replace ruinous competition, which principle led also to the formation of the Northern Securities Company. Schiff's firm was chosen to float the large stock issues, not only of the Union Pacific Railroad, but also of the Pennsylvania Railroad, the Baltimore and Ohio, the Norfolk and Western, and the Missouri Pacific railway companies, the Western Union Telegraph Company, and many others.

"It subscribed for and floated the large Japanese war loans in 1904 and 1905, in recognition of which the Mikado conferred on Schiff the Second Order of the Sacred Treasure of Japan. He was also received in private audience in 1904 by King Edward VII of England.

"Schiff is connected with industrial and commercial activities. He is a director of the Union Pacific, Baltimore and Ohio, and the Chicago, Burlington and

Quincy railway companies; of the Western Union Telegraph Company; of the Equitable Life Assurance; of the National Bank of Commerce and the National City Bank, the Morton Trust Company, the Columbia Bank, the Fifth Avenue Trust Company, and of various other trust companies in New York as well as Philadelphia.

“Schiff has especially devoted himself to philanthropy.

“All municipal reform movements in New York likewise have been supported by Schiff. . . .”

Mr. Schiff died in New York on September 25, 1920. The amount of his fortune was not disclosed. The London “Times” in a lengthy obituary notice of him which appeared in its columns two days later, stated that he left Frankfort at the age of 18 as one of a small band who set out to seek their fortunes abroad. In addition to the companies mentioned above the “Times” recorded that Mr. Schiff was a director of the Central Trust Company, the Wells, Fargo Express Company, the Title Guarantee and Trust Company, the Bond and Mortgage Guarantee Company, and many others.

From the foregoing it will be seen that Mr. Schiff, as head of the firm of Kuhn, Loeb and Company, played an active and important part in effecting those huge amalgamations of railway and other capital which were fought by President Roosevelt in his anti-trust campaigns. The Northern Securities Company formed by Mr. Schiff was so glaring a violation of the Sherman Anti-trust Law that it was sued by the Attorney-General of the United States and declared illegal by the Courts. Apart from this case the Sherman Law up to that date had accomplished practically nothing. Mr. Roosevelt, fighting for the people against these giant trusts, had a long and bitter contest with Mr. Harriman, a railway magnate very closely associated with the firm of Kuhn, Loeb, if not virtually a department manager of that concern. The suit against the Northern Securities Company, which company created a huge trust of the railways to the Northern Pacific Coast, was brought by President Roosevelt following a request by the Governors of six States concerned for action to protect their people.

We have already seen how the financial crisis of 1893 was made to the orders of the American Banking Association, according to documentary evidence quoted

in Congress. One of the results of that panic, created by the financiers, was that the Union Pacific Railroad went into the United States Government Receiver's hands, being unable to meet its liabilities. Mr. Morgenthau tells us that Messrs. Kuhn, Loeb next got hold of it and reorganised it by "one of the most profitable of all feats of financial legerdemain ever performed." Webster's International Dictionary defines the word "legerdemain" as follows: "Sleight of hand; a trick of sleight of hand; hence, any artful deception or trick."

Much information about the watering of stock and the over-capitalisation of the American railway companies will be found in the "New Encyclopædia of Social Reform," published by Messrs. Funk and Wagnalls, New York, in 1908. For instance, the Union Pacific Railroad was immensely over-capitalised and this was common to most systems. The Encyclopædia says:

"In its final report, 1902, the United States Industrial Commission states that out of 457 million dollars increase in railroad capitalisation in 1900, only 120 million dollars could be explained by new construction, the other 337 million dollars, or nearly four-fifths of the whole, being due almost entirely to sudden expansions in securities, in cases of reorganisation and consolidation. . . .

"Inflation of capital is regarded by many as a species of robbery. It is one of the most seductive methods of getting something for nothing which has yet been invented. The corporations and monopolies of America are greater sinners in this line than are to be found in any other country. . . ."

In its article headed "Corruption" the same publication quotes the following excerpt from the New York "Independent" of May, 1907, as to the Chicago and Alton Railroad. The Mr. Mortimer L. Schiff mentioned is the eldest son of the late Mr. J. H. Schiff:

"A syndicate composed of Mr. Harriman, Mortimer L. Schiff, James Stillman, and George J. Gould, bought nearly all the stock of the company. Within six years, under their management, the capital stock was increased from 40,000,000 dollars to 122,800,000 dollars, although only 22,000,000 was spent for improvements. Large quantities of bonds issued by the syndicate were virtually sold to the syndicate at sixty-five and then marketed at ninety to ninety-six, a considerable part being taken by

the great life insurance companies. The controlling owners also declared and paid to themselves a dividend of 30 per cent. The profits of these transactions appear to have exceeded 24,000,000 dollars. In due time 103,000 shares of the Alton stock were sold to the Union Pacific. The testimony showed that heavy commissions, amounting to several millions had been paid to the affiliated banking-house for its services in handling securities."

In its article on "Railways and Railway Problems," the "Encyclopædia of Social Reform" makes reference to a transaction in which Mr. J. H. Schiff was concerned. Under the heading "Stock Gambling," it says:

"Railway stocks constitute the backbone of speculation in Wall Street and corresponding centres of speculation in other cities. Panic after panic has been precipitated in Wall Street by the struggles of rival buyers to control the stock of some railroad. In 1901, for example, the stock of the Northern Pacific was forced up to 1,000 dollars a share, and one of the worst panics of recent years was the result. Those in control of railroads can easily make large sums by manipulating stocks so as to affect their values."

Under the heading "Railway Politics" this same American reference book says:

"From Maine to California for many years our railways have done their best to control the government of our States and cities so far as they come in contact with transportation interests, and for the most part they have succeeded. Now and then a wave of popular sentiment has overcome their influence in legislative bodies, as during the Granger movement in the '70's, and the Roosevelt movement of 1905-07, but in the long run the railroads have been able to control in large measure the nomination of members of legislatures and of the national Congress."

"The railroads will buy up a legislature just as they buy a car-load of mules," said the governor of a great state. . . .

"Where it is necessary the railroads do not hesitate to use money to buy the votes of legislators, either to secure the passage of measures favourable to the roads, or prevent the passage of measures likely to do them injury."

Reference is made by the Encyclopædia to another concern associated with the Kuhn-Loeb interests:

"Senator Platt testified that an insurance company like the Equitable usually gave 10,000 dollars a year to his machine as its ordinary political assessment, and more if it expected unusual favours."

The "New Encyclopædia of Social Reform" quotes from articles on municipal corruption by Mr. Lincoln Steffens which appeared in "McClure's Magazine" and were later published in book form under the title "The Shame of the Cities" (1904). In this is given an account of the colossal corruption in St. Louis, and among the corporations prominent in expending money corruptly were mentioned the Western Union Telegraph Company and Missouri Pacific Railroad, with both of which Kuhn, Loeb and Company are mentioned above as having been associated.

Under the heading of "Fostering Monopoly," the Encyclopædia says:

"Our railways foster monopoly directly and indirectly. By consolidation and combination they are building up numerous monopolies in the railroad field, and by concessions to favoured trusts and combines like the Standard Oil, the Beef Trust, the Sugar Trust, etc., they help to build up vast monopolies in manufactures and commerce. The Standard Oil monopoly was directly created by railroad rebate. The Beef Trust is another excellent illustration of a giant monopoly that owes its creation to the fostering care of railroad discrimination.

"A distinguished railway officer writing in the 'Outlook' says:

"It is estimated that 50 million dollars have been converted into the treasuries of various trusts since 1887 by means of rebates and other forms of favouritism, and that "present conditions promise not an abatement but an expansion of the methods by which this diversion may continue."

"The formation of the vast industrial trusts began in 1872 when the anthracite coal combination was formed by an alliance of producers and carriers and when the interests which compose the Standard Oil Trust first began to work in harmony with each other and use the power of their railroad allies to clear the field of competitors. Today there are 450 to 500 trusts, with an

aggregate capitalisation, including the railroad and other franchise trusts, of something like 20,000 million dollars. And still more trusts are forming and the limits of existing trusts are being extended and their interlocking interests increased and intensified. They are reaching out after the land, and the control of market, labour and raw materials. They are establishing international relationships aiming to monopolise the globe in their lines of business. And they are joining hands with each other.

“On the whole the situation seems to be this: The railways and other big franchise monopolies are co-ordinating with the great commercial combines into a gigantic machine controlled by a few financiers and created to manufacture or capture profit for them. Events are moving towards a consolidation of interests that will give a handful of capitalists practically imperial power through the vastness of their industrial dominions. There may be breaks in the movement, probably will be, but the integration of industry seems likely to continue in spite of strenuous efforts to prevent it by statutes and decisions. . . .

“And the railways are generally regarded as forming the basis of the structure, or a large part of it. I have met with this opinion all over the United States and in some other countries.”

In the article on “Corporations,” the Encyclopædia prints the following:

“With corporate capitalisations running up into the billions of dollars and controlling entire industries, it is necessary to keep the control in close touch with large financial and banking interests. Thus the gigantic railroad, industrial, and public utility corporations of the United States are all managed from what is commonly known as ‘the Wall Street end.’ That is, the control of the companies, as represented in the boards of directors and officers, is all in the hands of the banking interests of the country, who supply the necessary capital, combine the plants, form underwriting syndicates, float the securities, devise the plans of capitalisation and stand at the forefront of the financial organisations. The boards of directors are usually chosen by the banking interests, and of course all matters of policy are either approved or devised by these same banking interests.

Naturally the banking interests advocate policies which will serve to strengthen their control of the particular industries and conserve whatever special privileges the enterprises may have."

This view is very similar to that expressed by Mr. Louis D. Brandeis, now a justice of the United States Supreme Court, and the first Jew to be appointed a member of this highest American Court and the guardian of the Constitution. In his book, "Other People's Money," published fifteen or sixteen years ago, Mr. Brandeis said:

"The dominant element in our financial oligarchy is the investment banker. Associated banks, trust companies, and life insurance companies are his tools. Controlled railroads, public service and industrial corporations are his subjects. Though properly but middlemen these bankers bestride as masters America's business world, so that practically no large enterprise can be undertaken without their participation and approval."

Before we trace the steps by which the American money power has blossomed out under this direction to control the whole commerce of the world, it is advisable first to take a glance at the system whereunder the financial ring has the people of Germany in leading strings.

CHAPTER VI.

THE GERMAN SIDE OF THE STORY.

If you will turn to the article on banking in the 1929 edition of the Encyclopædia Britannica you will find that this authoritative work of reference states that the modern German banking system was established after the revolution of 1848. If you turn to that equally reputable English periodical, the London "Spectator," you will find in its issue of October 16, 1920, a leading article in which it points out that the revolutions which occurred in Europe in the year 1848 were led by Jews, just as the Bolshevik revolution in Russia in 1917 was led by Jews. Thus we get the position that a banking system which (as we shall see) has made Jewish bankers supreme in Germany was established following on a revolution led by Jews. This may be a coincidence, or it may not.

In his book "Freedom in Finance" (Fisher Unwin, 1919), Sir Oswald Stoll says:

"The financial ring which girdles the earth is gathered from all nations. Powerful elements in it are essentially American, but the dominating influence is Teutonic."

Of the German banking system Sir Oswald Stoll said:

"Six great German banks control scores of thousands of millions of capital throughout the world, through direct and indirect associations and silent partnerships. See Document No. 593 of the United States Senate issued at Washington by the National Monetary Commission."

This American Government document is a bulky volume of 1042 pages and deals with "The German Great Banks and their Concentration in Connection with the Economic Development of Germany." It shows how the financial ring holds German industry in the hollow of its hand.

In 1916 the late Dr. E. J. Dillon, for many years one of the best informed writers on foreign affairs in the English monthly reviews, wrote a book, "Ourselves and Germany" (Chapman & Hall, 1916), in which he made

reference to German banking methods, particularly in foreign countries. Dr. Dillon, for instance, described how in Italy and Brazil the German financiers had founded banks with high-sounding names indicating a local origin, with local directors, and with much money subscribed locally, but with all real control kept in German hands. These banks, according to Dr. Dillon, were used in all sorts of ways for the exploitation of the local population for the advantage of the German financiers who had established them.

For example, if it was desired to obtain control of a local industry, it would be offered extraordinarily attractive banking terms and induced to give its account to the German bank. Lavish advances would be made until the concern was judged to be too deep in to extricate itself. At this stage the screw would be put on by some not too glaring means, the heavily indebted concern plunged into such difficulty that in the end the bank took it over for a fraction of its value.

Another device, according to Dr. Dillon, was for the bank to put pressure on those of its customers in its debt to give their foreign business to the German firms in which it was interested. People who failed to follow the good advice given and did not buy and sell through the German channels so kindly suggested by the bank were said to find themselves up against all sorts of financial and credit difficulties, springing up from no apparent cause on all sides of them. Of course, it was war time when Dr. Dillon wrote his book, and he was probably less reserved in what he said about German methods than would have been the case had he written when we were at peace with Germany.

The backbone of German trade is the close alliance between the banks and the kartels. A kartel is a "trust" or "syndicate" of trades or industries. These trusts make binding agreements as to output, markets, profits, and prices. Each kartel has a monopoly of a given district, and all the firms in the kartel work together as to output and prices. Under the kartels the German retail dealer becomes a mere agent. He may only buy and sell from his local kartel. He may buy and sell only such goods as the kartel allows; and the buying and selling price and the quantity he may sell are all fixed by the kartel. The kartels in their turn are controlled by the banks, which virtually own them. Most British people have

heard of the great German dye trust, built up on an English invention for the extraction of dyes from coal tar. What is true of the dyes is also true with a rough parallelism of metallurgy, engineering, the electrical industry, and so on. In passing it may be noted that according to Lord D'Abernon's memoirs of his ambassadorship in Germany, Herr Deutsch, head of the great German electrical combine, the *Allgemeine Electricitats Gelleschaft*, employing 60,000 men, is a near relative of Sir George Lewis, the famous London society lawyer who was said to know more family secrets than any other man in Britain, and Herr Deutsch's wife is a sister of Mr. Otto Kahn, partner in the firm of Kuhn, Loeb and Company of New York. This little fact enables one to realise how international in its connections is high finance.

The kartels of Germany were largely built up by Jewish bankers of that country, and later German Jewish bankers in the United States played a prominent part in building up the great trusts there by means of which they brought American industry under their own control.

Many writers have remarked on the curious fact that although the Jews have been worse treated in Germany than in Britain there appears to be a more sympathetic feeling among them for Germany than for Britain. It is stated that the German or Ashkenazim Jews, who today constitute a great portion of the world's Jewry, have no blood connection with the Jews of Palestine, but are the descendants of people who at the time of the Kajar Empire in South Russia, about A.D. 800 to 1000, emigrated to it from central and southern Europe and the Near East, attracted to the Kajar domains by the prestige of that empire, whose Emperor, incidentally, had become a convert to Judaism. The immigrants became converts to the Jewish faith also, and intermarrying with each other and with the Mongoloid and Armenoid Asiatics they found there produced the type now commonly called Jewish. When the Kajar (also spelled Khazar) Empire came to an end some of those people remained in Southern Russia and others gravitated back to the lands from which they had originally come.

Mr. E. A. Skrine in his "Expansion of Russia" (Cambridge University Press, 1904, p. 275), wrote that "Russia, rather than Palestine, is the Jewry of the

modern world; for out of six and a half millions of the chosen people four-fifths are to be found within that Empire."

The Sephardim, or Spanish, Jew is a different type altogether, and according to the Jewish Encyclopædia, "the Sephardim never engaged in chaffering nor usury, and they did not mingle with the lower classes." On being expelled from Spain and Portugal they became widely scattered over Western Europe. Disraeli, for example, belonged to the Sephardim. Further the Jewish Encyclopædia states that "although the Sephardim lived on peaceful terms with the other Jews they rarely intermarried with them."

The Jews have been much persecuted in Germany, and the newspapers of late have recorded further outbursts against them. The persecution of the Jews is no doubt connected to a large extent with their addiction to usury. As Mr. Arthur Kitson says in his book "The Money Question":

"Originally denounced as immoral by the founders of the Christian Church, and legally prohibited for many centuries, it (usury) has become the very foundation upon which our so-called Christian civilisation has been built. The practice of charging for the loan—formerly termed usury—was expressly forbidden among the Jews by the laws of Moses. Permission to exact usury from the Gentiles was, however, granted—a permission of which the Jews were not slow to avail themselves, and to which is attributable more than to any other cause the terrible persecutions they underwent during the Middle Ages, as well as in later times."

In a war-time book, "Degenerate Germany" (T. Werner Laurie, Ltd., 1915), Henry de Halsalle wrote as follows of the position of the Jews in Germany:

"In the Teuton's wonderful capacity for hate the Jew occupied the first place until August last. Of modern Germans the hysterical Treitschke it was who first arraigned the Hebrew. In a series of articles in the 'Preussische Jahrbucher' (November 15, 1879, et seq.) he screamed a warning to Germany of the growing power of the Jews; he pointed out their solidarity as a separate caste (and race); he called attention to their power and arrogance in the press, to their resentment of German (Christian?). criticism. of themselves. and. their. ways,

while they arrogated their own right to criticise wheresoever and whomsoever they thought fit. In this attitude of the Jews Treitschke affected to find the cause of the then Anti-Semite agitation raging in Germany. So widespread is the loathing of the Jew by the German that it has brought into being a complete Anti-Semite literature . . . Jews are still sternly boycotted in the 'best' society: they are not admitted as active officers in the army, although they are suffered in the reserve

"To a man the Germans not only hate but fear the Jew. Only too well do they know that he dominates the Press. The great international news agencies, Reuter and Wolff are controlled by him. He commands the money and the produce markets. He directs the theatres, supplies the capital, most of the performers (not to mention critics), and furnishes a remunerative audience. All the professions in Germany (save the army and navy) are crowded with Jews. The law abounds with them and there are not a few on the judicial bench. A Jew founded Germany's mercantile marine. The best and largest houses in Berlin, in the Tiergarten and the Bellevue-strasse, are almost all the property of Jews. Nay, if the German Press possessed the power of the British Press; if entry to the Reichstag could be assured by wealth, and if the German Army were to admit to officership all the Jews who go up for examination, Germany would soon become the Jewish Empire. And pagan Germany knows it, and has feared it for many years past. . . . It is the Jew who is primarily accountable for Germany's late commercial prosperity: the Germans know it, but are too envious and conceited to say so. . . . Whatever town of importance you visit in Germany you will find that the principal doctors there, the men of science, art, and literature are of the Jewish faith. . . . Amazing it is that this wonderful, ancient race, scientific, artistic, far more clever in every way than the upstart Germans, should take the German ill-treatment of them 'lying down' and still persist in vainly seeking an entry into Berlin 'society.' Who knows, however, what will happen in 19—. Will the Jews then inherit the kingdom of Prussia. . . ? Will the German Empire become the Jewish Empire?"

Mr. de Halsalle is not animated by any feeling of hostility towards the Jews of Germany. On the contrary,

he remarks: "I must say it is not without admiration I regard the Teutonic Israelite." In stating that the Jews dominated many departments of activity he was merely recording facts, and his general line of argument was that the German was a person inferior in every way to the Jew he despised, but who dominated his country, or promised soon to do so.

In the "National Review" for March, 1925, Mr. Arthur Kitson made some reference to German finance and banking methods in the course of an article entitled "The International Bankers' Game." In this article appeared a lengthy extract from an article originally published in the November, 1924, issue of Mr. Henry Ford's paper, the "Dearborn Independent." As we will see in a subsequent chapter, Mr. Ford in 1927 made a general retraction of his criticisms of the Jews published in the "Dearborn Independent," and his son, Mr. Edsel Ford, now president of the Ford Motor Company, in 1929 became a fellow director in a colossal international chemical combine with Mr. Paul Warburg, whose activities were described in this article in the "Dearborn Independent." So far as the writer knows no specific retraction of this article was made by Mr. Ford or by the "National Review," which reprinted it. Moreover, Mr. Kitson in a previous issue of the "National Review" (November, 1924) had published a general outline of the same facts, apparently obtained from independent sources. It would thus not appear that any injustice will be done by reprinting excerpts from Mr. Kitson's article of March, 1925. In his opening paragraphs Mr. Kitson said:

"In the November issue of the 'National Review' I outlined the plot conceived by certain German-American-Jewish financiers for dominating the world under the currency system known as the 'gold standard,' which is being carried to a successful issue with the aid of certain of our London bankers at an astonishing rate of speed. (Note.—Britain returned to the gold standard in the month following the publication of Mr. Kitson's article.)

"The progress of this conspiracy was traced from its incipency down to the introduction of the Dawes Scheme—starting with the passage of the American Federal Reserve banking system, which was established under President Wilson, with Mr. Paul Warburg, a German-Jewish banker of Hamburg (who became a

United States citizen only three years prior to the War) as its controller."

In the second portion of his article Mr. Kitson wrote as follows:

"Whilst our financiers and treasury officials (whose chief significantly bears the name of Sir Otto Ernst Niemeyer) have been assisting in welding the golden chain which is to control the British public, the instigators of the whole policy have been busy in other directions. Mr. Henry Ford has recently thrown a flood of light on the recent movements of Mr. Paul Warburg and his associates in New York and Germany."

In a footnote Mr. Kitson said:

"It is worth noting how unanimous our Anglicised German financiers are in desiring the re-establishment of gold in this country—Sir Felix Schuster, Baron Schroeder, Mr. Otto Kahn, Fruhling Goschen, Kleinworth & Co., etc." The name of Professor Theodor Emanuel Gugenheim Gregory might appropriately have been added to this list.

Mr. Kitson continued as follows:

"It should be remembered that a conspicuous member of the Warburg group, Mr. Otto Kahn—an Americanised German—has recently adopted England as his home, and has been expressing his great admiration for the gallant British public who are bravely shouldering their debts and setting to the world an example of national honesty! How he must chuckle to himself when he reads his opinion quoted seriously in a Sunday newspaper which has made the cause of the moneylenders its own! In a burst of enthusiasm this journal recently exclaimed, 'What a fortunate people we are!'—referring to the recent speeches of the Presidents of the five great banks which, together with the Bank of England, constitute one of the most gigantic monopolies in the world: a monopoly that is today the 'dead hand' paralysing our trade and commerce.

"In the November number of Mr. Ford's paper, the 'Dearborn Independent,' the financial conspiracy outlined by me in last November's 'National Review' is fully confirmed in the following paragraph which appears as an introduction to the series of articles written by the American journalist, Mr. Hamilton York. He says: 'This is the first of a series of articles in which will be

set forth the elements of a scheme which is intended to place in the hands of a small group of international financiers, not only the arbitrament of the fate of Europe, but control of the destinies of all nations. In this article the activities of Paul Warburg, of New York, a German-Jewish financier, naturalized in America, are fully explained.' The writer then proceeds as follows:

"The adoption of the Dawes Report establishes a mechanism whereby the world's gold is placed in control of the general board of the Schacht Gold Bank of Berlin, organised at the suggestion of the Warburgs in anticipation of the Dawes Report as a cover for the international group of financiers—of which Mr. Paul Warburg is a member—and the existence of which Mr. Otto Kahn denies.

"It would not be possible to make this statement so confidently were it not for another event, namely, that Congress passed an amendment to the Federal Reserve Act in March, 1923, which authorised the Federal Reserve Bank to discount credit paper, including foreign acceptances. The Federal Reserve Board waited until March, 1924, before taking advantage of that authority. The resolution of the Board, which now permits discounting of foreign acceptances, was promulgated in April, 1924, almost simultaneously with the issuance of the Dawes Report.

"The full significance of the last event does not appear until it is digested in terms which appeal to the German-Jewish banker, which may be stated thus:

"By re-discounting German trade acceptances, participating American banks and their depositors are financing the revival of German trade and secondarily Russian trade.

"It indicates further that the German-Jewish banking system by means of which Germany is now controlled has been imposed upon the United States from without, where it could not be made to grow from within.

"If the American people are to gain a clear understanding of the system of financial control which is about to be imposed upon international commerce through credit operations, and which has been gradually developing in the United States since the passage of the Federal Reserve Act in 1914, the best way is to observe the system as it exists in Germany. Its home is in that

country where it has been moulded into a perfect machine by a small group of men, practically all Jews.

“‘It is not a question of the adequacy of the wage which the system allows for service as opposed to what service would bring in a free and open labour market, but it is a question of the possibilities of exploiting everybody through artificially induced variations in the value of money. Should even the most powerful fail to become a cog in the system, he is economically broken, and he is a lucky man if he can gain a livelihood for himself and his family thereafter. As will be shown, this system of punishment has already been introduced into the United States.

“‘It is perfectly correct to call this a Jewish system, for that mind has developed it through long years of ambitious training and experience. At least, as far back as the time of Frederick the Great, Jewish bankers dominated German finance. Itzig, Ephraim & Co. of Berlin furnished the money for the prosecution of the Seven Years’ War, and to build Sans Souci and the larger palace at Potsdam. Itzig was also a notable leader of the Berlin Kahilla.

“‘Moses Mendelssohn, the earliest of the Jew Nationalists in a modern sense, was a close associate of Itzig’s son-in-law, Friedlander. Already the influence of the house of Rothschild was beginning to be felt throughout Europe. Within ten years after the opening of the nineteenth century, the private banking house of Bleichroder was established in Berlin, and for many, many years the Bleichroders managed the personal finances of the Hohenzollerns.

“‘The Bleichroders and the Mendelssohns represented a school of private bankers which has been pushed aside by an invasion of more aggressive Jewish types from the north-east, and which apparently had stronger admixture of Tartar blood in their veins. They were not satisfied to be private bankers, but started in to gain economic control and also to own the State. We must credit the Warburgs, the Wolfs, the Rathenaus and their close associates for building up the present Jewish financial system in Germany. Real control began in the late ’seventies as the result of financing State ownership of the railway. This is a romance all by itself, and well worth the study of anyone.

“Extensions of credit—teaching people to become dependent on credit—were necessary to the development of the modern speculative financial system. Co-ordinate with these was the growth of that external trade necessary for the maintenance of a growing population. As the business of Germany grew and the liquid capital increased, the control became more and more centralised in Jewish hands, until in the last half of the last Kaiser’s reign the banking cabal controlled the State. **It was the State.**

“Germany could not have started the aggressive war of 1914 without the encouragement and assent of this group. It was this group that staged an opera bouffe revolution to fool the world with the loss of only a few lives. In establishing the so-called republic it fixed the laws in such a manner that its own position was made more secure, and finally through the active participation of Walter Rathenau, it arranged the relations of big business to the State so that the political organization of the German Reich today is simply a front for this small group of German financiers. **These men can do as they please, and have done as they please with the German people.**

“The key to this situation, the fact that allows the persistence of such a pernicious system, lies in the German law which permits banks to hold shares in other banks and in industrial corporations. Until the passage of the Federal Reserve Act such privileges were not accorded banks in the United States for fear that there might develop a system of overlordship which has reached such perfection in Germany. Eventual control of industry and the banking facilities of the country would necessarily drift into the hands of a few. But the Jewish system of Germany has led and directed such a movement for concentration and apparently with a conscious objective. The result is that the interlocking directors of the greatest German banks, about six in number, dominate the country. The list would include: The Reichsbank of issue for the Government bankers’ central bank, the directors of which are responsible for the depreciation of the German mark and the suffering which it entailed; the Disconto Gesellschaft; Max Warburg & Co., of Hamburg, to which was allocated the shipping of Germany, and which controlled the North German-Lloyd and Hamburg-American lines; the

Deutsche Bank, mainly concerned in the development of the metal industries; and the Bank für Handel und Industrie (Darmstädter Bank). It is quite possible to contend that others should be included. It is difficult to draw a line. In any event with the Reichsbank as a key bank the list is substantially correct.

“The outstanding fact is that by a system of inter-owning stocks, interlocking directorates, assignment of spheres of interest, and by a mutual arrangement of interests, the banking system is one whole, presenting different fronts in different corporate names. The control lies, perhaps, in the hands of a hundred men who cluster in the directorates of the banks named, and whose names appear in the directorates of the largest corporations, and of whom 95 per cent. are Jews. As is usual in associations of this character, there are a few who lead. While the figure of Max Warburg, of Hamburg, may not loom large three thousand miles away as the dominating figure of this aggregation, since the death of Walter Rathenau, the Warburg influence has been the directing force, has furnished the financial *finesse* which has enabled his group greatly to increase its power, and this has been mainly accomplished through the faithful co-operation of his two brothers, Paul and Felix, in New York.

“At the present time these bankers absolutely control and exploit for their own gain four-fifths of the internal commerce of Germany, whether industrial, agrarian, or what not. The residual one-fifth represents small transactions between individuals in small communities in which the profit is nominal.

“The inquiring individual will wonder how it is possible to include within the above designation the word “agrarian.” How are farm products controlled? The history of this phase of their undertaking is an interesting one, and its accomplishment furnished a most difficult task. But it was eventually achieved. The control of the markets, and the methods of transportation, the organisation of land banks for the purpose of giving credit to the agrarians, who in turn had to be taught to accept credit, these banks being linked in with the general system, all comprised the machinery which enslaved the farmer. The working man was captured and held through the imposition of social insurance laws, compulsory health insurance, for instance, as was fully described by Bismarck, who said in his autobiography

that these laws were passed to throw "a golden chain about the necks of the workers." "

That is the whole passage from the "Dearborn Independent" quoted by Mr. Kitson. He adds the following comment:

"It will be remembered that similar insurance laws were enacted under the Asquith Liberal regime, having been introduced from Germany by Mr. Lloyd George.

"These 'Dearborn Independent' articles are of enormous interest and importance to every person who wonders where Europe is drifting. They prove conclusively that under the gold standard—the virtues of which our bankers and city editors are just now extolling—the world is being enmeshed in a net which will leave the wealth producers of all countries as helpless as the Russian peasants are under the system of Bolshevism instituted by Lenin and Trotsky.

"The one aim of these financiers is **World Control by the creation of inextinguishable debts!** And since gold is a metal which neither laws nor inventions can increase, the supplies of which Nature has so far limited to a comparatively insignificant quantity, control has become a very simple achievement. And the irony of the situation is in remembering that this instrument of slavery was the creation of a British Statesman on the advice of a British banker!

"It will be remembered that in my November article I stated how averse the American people have hitherto been to the establishment of a Central Banking System. Past experience showed the danger to the State in allowing any group of individuals to control the money and credit of the people.

"Both President Wilson and Senator Owen, who stood sponsor for the new banking system, believed that the Federal Reserve Banking System prevented any possibility of a money or credit monopoly. But Mr. Paul Warburg appears to have outwitted them, and this system, which is modelled on the German bank principle, is now the recognised source of the money supplies which the Warburg group are employing on behalf of Germany and Russia, the same group which financed Lenin and Trotsky! . . .

"It may be enquired in what way can this group of

German-American-Jewish bankers control British finances? The answer is simply by means of their control of America's gold supplies. It is with this group that our simple-minded Governor of the Bank of England will be compelled to deal. **The control of gold under the gold standard means the control of credit**—which led the late Sir Edward Holden to admit in one of his illuminating addresses to the Bankers' Institute: 'Gold therefore controls the trade of the world.'

Readers who may be inclined to question the above view of the role played by the Warburgs in recent international events will find ample indications of it in the occasional references in the Memoirs of Prince Max of Baden to the influential position occupied by Herr Max Warburg during the momentous period in German history when Prince Max was Chancellor and the German republic was in process of establishment. The fact that Dr. Carl Melchoir, the only non-Parliamentary member of the main German Peace Delegation at Versailles in 1919 was a partner in Warburg and Company, Hamburg, is equally significant of the great influence of this banking house in German affairs. Still more significant is the leading part taken by Dr. Melchoir in the foundation of the Bank of International Settlements, and his chairmanship of the Financial Committee of the League of Nations.

Mention has been made by Mr. Kitson of Warburg connection with the transportation to Russia of Lenin and Trotsky, and their alleged financing of the Bolshevik revolution. Before proceeding to trace out the steps by which the Federal Reserve System was established in the United States it is expedient to devote a chapter to Russian affairs.

CHAPTER VII.

HOW RUSSIA WAS SMASHED UP.

That there was strong Jewish hostility to the Tsarist regime in Russia is a well-known fact. In a previous chapter it has been noted in a quotation from the Jewish Encyclopædia how Japan was financed in her war against Russia in 1904-05 by the late Mr. Jacob H. Schiff, partner and brother-in-law of Mr. Paul Warburg. Mr. Schiff was described by a foremost American Jew as the "beloved leader of the Jews," and by the Jewish Encyclopædia as head of the oldest contemporary Jewish family of which there is record. It has been stated in the "National Review" that this Jewish financial support of Japan is thought to have been a retaliation for Russia's treatment of the Jews.

The late Sir Cecil Spring-Rice, British Ambassador to the United States at the time, records a further striking instance of Jewish dislike of Russia in a letter written by him in January, 1914. Under the old Hague peace scheme the United States had negotiated treaties of arbitration with various countries for the settlement of international disputes without recourse to war. That with Russia fell due for renewal, and Sir Cecil Spring-Rice in a letter written in January, 1914, recorded that President Woodrow Wilson proposed a new treaty in its place. He added:

"No sooner was the President's statement made than a Jewish deputation came down from New York and in two days 'fixed' the two Houses so that the President had to renounce the idea of making a new treaty with Russia. They are far better organised than the Irish and far more formidable. . . . Their present objective is to have a judge on the Supreme Court bench. Speyer, the brother of your friend, has lost his influence by marrying a Christian. Bernstorff (German Ambassador at Washington) has sent his son into Speyer's office The principal Jew is now Schiff."

The above extract indicates both the hostility of the Jews towards Tsarist Russia and their power in the United States. Their desire for a Jewish judge on the

Supreme Court bench was gratified in 1916 when President Wilson appointed Mr. Louis Brandeis to be an associate Justice of this highest American Court. The Mr. Speyer referred to is apparently Mr. J. J. Speyer, head of the American financial firm of that name, and brother of Sir Edgar Speyer whose certificate of naturalization as a British subject was revoked in 1922 in consequence of transactions with Germany during the war. Born in Germany, Sir Edgar Speyer had settled in London in 1887 and became the head of the firm of Speyer Bros., his wealth was large, and as the London "Times" pointed out in its issue of January 7, 1922, "he was the friend of distinguished persons, he was a munificent patron of music. He was created a baronet in 1906 and a Privy Councillor in 1909." In 1915 he went to the United States and remained there. In his book, "The Alien Menace," Lt.-Col. A. H. Lane states that Sir Edgar Speyer was closely associated with the late Mr. Asquith, afterwards Earl of Oxford. Nevertheless, despite the honours bestowed upon him by Britain, this eminent German-Jew was in the end found by the Government to be unworthy of the privilege even of ordinary British citizenship, much less of being an adviser to the King in His Majesty's Privy Council.

However, we are drifting away from the Russian side of our story. A recent writer on Russia is Mr. Walter Russell Batsell, and the following passage from page 20 of his book, "Soviet Rule in Russia" (Macmillan's, New York, 1929), is not without significance.

"History will be likely to give prominence to plans for the destruction of Russia formulated at the Masonic Congress held at Brussels a few years before the world war; and, secondly, the final episode relating to the murder (of the Russian Royal family) at Sverdlovsk will be recorded as an act of Sverdlov, the Jewish head of the governmental authority under whose guidance the final act of vengeance was apparently engineered."

Mr. Batsell added the following footnote to this statement:

"See E. A. Walsh, 'The Fall of the Russian Empire' (Boston, 1926), page 110, for mention of the plan of the (Grand Orient) Free Masons to use Rasputin to destroy Russia, and chapters ix-xi of the same book for details of the murder of the Tsar and his family."

Mr. Batsell also quotes in his book the following passage from a book, "The War of Lost Opportunities," written by General von Hoffman, chief of the German general staff on the Russian front during the war:

"Some man [in Germany] who had connections with the Russian revolutionaries exiled in Switzerland came upon the idea of employing some of them to hasten the undermining and poisoning of the Russian army. He applied to the Deputy Erzberger and the Deputy of the German Foreign Office and thus it came about that Lenin was conveyed through Germany to St. Petersburg in the manner that afterwards transpired."

There is some reason to think that the German Government was reluctant to sow the seeds of revolution in Russia. Revolutionary ideas are infectious, and it is dangerous for an autocratic monarch to provide an example of successful revolution in a neighbouring country, even if it is temporarily an enemy country.

A revolution had occurred in Russia in 1905, as a result of which the first Duma, or Parliament, was established. A workers' Soviet was set up by the revolutionaries and of this the Jew Leon Braunstein, afterwards better known as Trotsky, became the head until arrested, when he was succeeded by Dr. Helphand (alias Parvus), of whom more anon.

In a letter published in the London "Spectator" on June 12, 1920, Mr. Lucien Wolf, a well-known Jewish journalist and author of the article on Anti-Semitism in the new edition of the Encyclopædia Britannica, asserted that when the Russian revolution occurred in 1905 the secret police of that country were set to work to stir up pogroms, or massacres and persecutions of the Jews, who were blamed for the revolution. As part of the anti-Jewish propaganda, according to Mr. Wolf, there was published a pamphlet by Professor Sergius Nilus, a minor official in the Russian Foreign Office, containing what Mr. Wolf declared to be baseless and repeatedly exposed forgeries, the "Protocols of the Learned Elders of Zion," setting forth a plan for Jewish world domination, allegedly found in documents stolen from a member of a Masonic society in France.

At the end of 1905 the Tsar and the Kaiser met and signed their famous secret treaty of Bjorko. Mr. Wolf states that in January, 1906, the Tsar approved a secret

memorandum drawn up by Count Lamsdorff, Russian Foreign Minister, setting out that the Jews were the soul of the revolutionary movement throughout Europe, that "their principal aim is the all-round triumph of anti-Christian and anti-Monarchist Jewry, and that their millionaires subvention this movement with gigantic pecuniary means." The pamphlet of Professor Nilus, according to Mr. Wolf, was used as support for this contention, and he states that the Tsar proposed to the Kaiser a secret agreement for combating Jewish and Masonic peril. The whole idea of any such peril, according to Mr. Wolf, is absolutely baseless.

It is an established fact that the Bolshevik leaders were predominantly Jewish. In a previous chapter we have seen that the Jews, though powerful, are not loved in Germany. Mr. Lucien Wolf establishes the fact that the Tsar was afraid of Jew revolutionaries and Jew millionaires. The Jewish Encyclopædia records how a Jewish millionaire financed Japan's war against Russia, a millionaire, moreover, who has been described by a prominent Jew as the leader of the Jews. Mr. Wolf records how the Tsar in 1906 sought a secret agreement with the Kaiser to combat Jewish revolutionaries and millionaires.

It would appear from the foregoing that the Imperial German Government might well be disposed to regard the loosing of Jew revolutionaries on Russia as a two-edged weapon to be used only as a last resort. Bearing in mind Mr. Batsell's statement relative to a plan formulated before the war to use Rasputin, the debauchee monk, as a means for the destruction of Russia, it becomes interesting to consider the sequence of events in that country. Rasputin, by means of successful treatment of the sickly Tsarevitch, and by means of spiritualistic seances, had gained complete ascendancy over the Tsarina and was in her full confidence, and thus in a position both to influence Russian policy and to learn in advance of contemplated governmental action. Moreover, the Tsar and Tsarina were greatly damaged in popular regard and esteem by their association with so notorious a rascal and looseliver as this drunken monk, whose motto was "Sin that ye may be forgiven."

By the influence of Rasputin M. Protopopoff was made Minister of the Interior and head of the last Tsarist Government. As we shall see later M. Protopopoff had

been in touch with one of the Warburgs at Stockholm and was alleged to be in receipt of money through them. It was considered by many patriotic Russians that the Protopopoff rule was leading Russia nowhere save to defeat, and the upshot was the Kerensky revolution with the objective of establishing a democratic pro-Ally Government in Russia.

With these facts in mind it is instructive to consider the following table of dates:

- 1916, December 15.—The monk Rasputin is assassinated in the palace of Prince Yussopoff.
- 1917, March 15.—Kerensky pro-Ally Revolution in Russia. The Tsar abdicates.
- 1917, April 6.—The United States declares war on Germany.
- 1917, April 9.—Lenin and 29 other Russian revolutionaries are embarked on a sealed train in Switzerland and taken through Germany to Stockholm and thence to Russia.

These dates show that if there was a plan to destroy Russia through Rasputin that plan failed with his assassination, and failed doubly when the pro-German Protopopoff Ministry (established by Rasputin's influence) fell, and the Tsarist regime was succeeded by a democratic pro-Ally and truly Russian Government under Kerensky.

Events thereupon moved swiftly. The United States, after years of hesitation, declared war on Germany, and three days after this disastrous addition to the already formidable ranks of her enemies, Germany took the desperate step of loosing on Russia the Jew revolutionaries in Switzerland. Thus, if it needed pressure to induce the German Government to take this step the entry of the United States into the war was surely sufficient pressure.

At this juncture it may be noted that in his book "The Jews" (Constable, 1922), Mr. Hilaire Belloc in his chapter on the Jews in the United States says:

"The last and apparently the most unpopular of the Presidents seems to have been wholly in their hands."

That President Woodrow Wilson was susceptible to Jewish influence is amply revealed in "The Letters and

Friendships of Sir Cecil Spring-Rice" (Constable, 1929), and in "The Intimate Papers of Colonel House" (1926). In a subsequent chapter we shall see more clearly the extent of Jewish power in the United States.

Reference to the financial connections of Rasputin is made in the following passage from "My Mission to Russia" (Cassell & Co., 1923), the memoirs of Sir George Buchanan, British Ambassador to Russia from 1910 to 1918 (vol. 1, p. 245):

"Rasputin was at the same time accused of being in German pay—a charge that was not strictly speaking correct. He was not in immediate communication with Berlin, and he did not receive money directly from the Germans; but **he was largely financed by certain Jewish bankers**, who were to all intents and purposes German agents. As he was in the habit of repeating to these Jewish friends of his all that he heard at Tsarskoe [the Tsar's palace], and as the Empress consulted him on both military and political questions, much useful information reached the Germans through this indirect channel. Without being their regular agent he was, moreover, rendering them yeoman service by discrediting the Imperial regime and thus paving the way for the revolution."

It is an exceedingly curious thing that a century earlier another charlatan, Cagliostro, with Jewish and Masonic associations, had played a part in the extraordinary affair of the Diamond Necklace, which discredited the French royal family and paved the way for the French Revolution. Cagliostro is said to have been financed by the Illuminati of Bavaria, a Masonic organisation with similar objectives to those embodied in the "Protocols of the Learned Elders of Zion," published by Professor Nilus, and declared by Mr. Lucien Wolf and other Jewish writers to be forgeries. The existence of the Bavarian Illuminati and their programme are, on the other hand, matters of historically established fact. All that we know about the Protocols is that the Jews declared them venomous forgeries and that the programme set out in them is being steadily fulfilled, as we shall see in a later chapter.

Returning to the course of events in Russia, we find it set out in "Russia's Ruin" (Chapman & Hall, 1919), a book by Mr. E. H. Wilcox, who had been the London

"Daily Telegraph's" correspondent in St. Petersburg. how M. Protopopoff had headed the Russian Parliamentary delegation which had visited England in the latter part of 1916. On page 137 Mr. Wilcox records that shortly after M. Protopopoff's return to Russia "it became known that on his way back he had had an interview at Stockholm with a member of the German Legation, Warburg by name." There was a stormy debate in the Duma, and it was alleged that M. Protopopoff's newspapers were being subsidised by the Germans. M. Protopopoff being at this time in office, the affair went no further. Sir George Buchanan in his memoirs tells how Protopopoff had attained office (Vol. 2, p. 33):

"On his return journey he (Protopopoff) had had an interview with a German financier named Warburg at Stockholm that had seriously compromised him. His explanations failed to satisfy the Duma, and finding that he had lost all hold on that Chamber, he determined to throw in his lot with the Court party. He made friends with Rasputin and Pitirin, and as in an audience which he had to report on the delegation's visit to London and Paris his ingratiating manners had made a favourable impression on the Emperor and Empress, he was through their influence appointed Minister of the Interior."

Sir George Buchanan relates how after the assassination of Rasputin M. Protopopoff was in the habit of carrying on spiritualistic seances in his place for the benefit of the Empress, and he also tells that Protopopoff was in the habit of having shoals of bogus telegrams sent to the Empress from fictitious persons from telegraph offices in all parts of Russia assuring her of their love and support.

In the course of an interview with the Tsar, Sir George Buchanan states in his memoirs that he remarked to His Majesty that he appeared to be badly advised in his selection of Ministers. The Tsar inquired to whom the Ambassador referred. Sir George Buchanan replied:

"M. Protopopoff, who, if your Majesty will forgive my saying so, is bringing Russia to the verge of ruin The Duma can hardly place confidence in a man who has betrayed his party for office, and who has had an interview with a German agent at Stockholm,

and who is suspected of working for a reconciliation with Germany."

The Russian people revolted against Protopopoff rule, and Kerensky got into power. A democratic government representative of the Russian people and in alliance with Britain was the last thing apparently desired by the international wirepullers behind the scenes.

This brings us to the tale of how Bolshevism was imposed on Russia, just as central banking was imposed on the United States, and the restoration of the gold standard was imposed on Britain—all these phenomena apparently being manifestations of the same subterranean forces today enmeshing nations and individuals in the chains of slavery.

Reference has been made above to an individual named Helphand, also known under the name of Parvus, who succeeded the Jew Trotsky as head of the Soviet in the revolution of 1905. This man was the go-between who arranged the transport of Lenin to Russia. In the biography of Lenin by Valeriu Marcu (Victor Gollancz, London, 1928) is the following (p. 38):

"Parvus, a friend of Trotsky's as far back as 1905, had set out to prove that the Master's (Lenin's) theories could also bring good fortune to the individual in business life, and accordingly had speculated during the war, as a true internationalist, in Berlin, Copenhagen, Vienna, and Constantinople; now hoping for political laurels, he advised the Foreign Ministry in Berlin to let Lenin pass through."

"Parvus, the provocateur, a socialist with a very tarnished reputation"—is how Mrs. Ariadna Tyrkova Williams, widow of the late Harold Williams, for long one of the foremost British correspondents in Russia, describes this figure in the drama. In her book, "From Liberty to Brest-Litovsk" (Macmillan, 1919), Mrs. Williams writes (p. 105):

"Parvus (Helpland) had grown rich, as he described, by corn contracts in Turkey, or as others declared, through the generosity of the German Government. During the war Parvus settled in Copenhagen, where he opened a suspicious socialist bureau. His friend, Ganetski-Furstenburg, had been sent out of Denmark for shady smuggling transactions. . . . Through Ganetski-Furstenburg the Bolsheviks used to obtain

large sums of money from an unknown source abroad."

In 1917 an effort was made to get the socialists of the world to unite in demanding peace by means of an international socialist congress at Stockholm. Referring to this abortive effort Mrs. Williams says (p. 109):

"From whom did the initiative proceed? . . . Did not Branting, the able and honourable Swedist socialist, become the plaything of the no less clever, but dishonest, Parvus?"

There is ample evidence that money was poured out like water in Russia in putting across the Bolshevik revolution of July, 1917. Of the sources from which this money came Mrs. Williams says (p. 144):

"On 20th July, three days after the insurrection, Alexinsky, a Social Democrat of the Plekhanoff group, and the Social Revolutionary Pankratieff (an old Revolutionary) wrote to the papers saying that they had documentary proofs that the Bolsheviks had received money from Berlin, through Stockholm. Even the banks were named: the Disconto Gelleschaft, Nya Bank, the Siberian Bank. The names of the intermediaries were also given: Parvus, Ganetsky, Summonson, and Kozlovsky."

Mrs. Williams also states that documents published by the Procurator of the Kerensky Government on August 3, 1917, certified that:

"Large sums of money were transferred to Petrograd by a Russian Jew, Helfant, commonly known among international socialists by his literary pseudonym of Parvus. This obscure international speculator, who acquired an enormous fortune, styled himself as the ideal inspirer of Bolshevism. The German Socialist Democrat Haase revealed the strange connections of Parvus with the Imperial German Government. This fact did not prevent Schiedemann from keeping up friendly relations with Parvus, and from staying with him at Copenhagen in the sumptuous villa of this apostle of the proletariat. The Russian Intelligence Department possessed data proving the connection between the Bolsheviks and the Imperial German Government, but Kerensky's Government fell apart without having published its information, and without arriving at any definite conclusions on the subject."

Mr. Wilcox in his book, "Russian's Ruin" (Chapman & Hall, 1919), also refers to the activities of Parvus:

" . . . The chameleon-like Parvus (Dr. Helphand), who began life as a Russian, then took on Turkish citizenship, and finally during the war became naturalised in Germany where he managed to reconcile professions of advanced socialism with the accumulation of considerable wealth, and with subservience to an Imperialist regime. His name figures prominently in the documents by which it has been sought to implicate Bolshevism in the designs of the Wilhelminian Government."

On page 236 of his book Mr. Wilcox states:

"Parvus during the war ran a paper, 'Die Glocke' (The Bell), in Germany for the exposition of a curious mixture of Socialism and Imperialism. Lenin was an occasional contributor. On one of Hindenburg's birthdays this paper printed an article eulogising the Field Marshal as the embodiment of the German genius, and declaring that as his work was facilitating the conclusion of peace his name should be 'sacred to socialists.'"

As to the amount placed at the disposal of the Bolsheviks for the purpose of effecting their revolution, Mrs. Williams says on page 291 of her book:

"One is forced to draw the conclusion that the hundreds of thousands, or rather millions, spent by Lenin and his followers were furnished to them from some exchequer which had millions at its disposal. Only banks and State exchequers have the possibility of subsidising propaganda on such a scale."

The most authentic statement of the sources which furnished the means for the enslavement of the Russian people under the tyranny known as Bolshevism is that contained in the Sisson Report published by the American Committee on Public Information. A summary of this report, forwarded by its Washington correspondent, was published in the London "Times" of October 18, 1918, and from it the following excerpts are taken:

"The Committee on Public Information has issued a series of communications between the German Imperial Government and the Russian Bolshevist Government, and between the Bolsheviks themselves, and also a report thereon made to Mr. George Creel, chairman of the Committee on Public Information, by Mr. Edgar Sisson, the Committee's special representative in Russia

during the winter of 1917-18. . . . The documents are seventy in number. Many are originals annotated by Bolshevik officials. The balance of the others are photographs of originals, showing the annotations, and they corroborate a third set of typewritten circulars, but all of which fit perfectly into the whole pattern of German intrigue and German guilt.

"The first document is a photograph of a report to the Bolshevik leaders by two of their assistants, informing them that in accordance with their orders there had been removed from the archives of the Ministry of Justice an order of the German Imperial Bank 'allowing money to Comrades Lenin and Trotsky and others for the propaganda of peace in Russia,' and that at the same time 'all the books' of the bank in Stockholm had been 'audited' to conceal the payment of money to Lenin and Trotsky and their associates by order of the Imperial German Bank.

"This report is endorsed by Lenin with his initials for deposit in 'the secret department' of the Bolshevik files, and the authenticity of the report is supported by Document No. 2, which is the original of the report sent by the chief of the German General Staff to the Bolshevik leaders warning them that he had just arrested an agent who had in his possession the original order of the German Imperial Bank referred to in No. 1.

"Document No. 3 is the original protocol signed by several Bolshevik leaders and dated November 2, 1917, and showing 'on the instructions of the representative of the German General Staff in Petrograd' and 'with the consent of the Council of the People's Commissioners' two incriminating German circulars had been handed over to the Secret Service Department of the German General Staff in Petrograd.

"One circular is an order from the German General Staff dated June 9, 1914, informing 'all industrial concerns in Germany to open the sealed envelope containing their industrial mobilisation plans and registration forms' so that they might be prepared for war. (At this date the Austrian Archduke Franz Ferdinand had not yet been assassinated!)

"The second circular is an order from the German General Staff of the High Seas Fleet, dated November 28, 1914, calling for mobilisation of 'all destructive agents

and observers' in the United States and Canada for the purpose of preventing the sailing of ships from American ports to Russia, France and England. The order calls for explosions, strikes, 'delays, embroilments and difficulties.'

"Document No. 7, dated January 12, 1918, notifies the Bolshevik leaders 'by order of the German General Staff' that 'the German General Staff orders us to insist on the election of the following people to the Russian Bolshevik Central Executive Committee.' The list of persons satisfactory to the German General Staff is headed by Trotsky and Lenin. They were elected with the rest of the Committee, chosen from the same German list.

"Document No. 28 is a photograph of a letter from the executive of the German Imperial Bank to the Bolshevik Commissioner of Foreign Affairs. It is marked 'very secret,' and is dated January 18, 1918. It says: 'Information has today been received by me from Stockholm that 50,000,000 roubles (nominally £5,000,000) have been transferred to be put at the disposal of the People's Commissioners,' which is the title of the Bolshevik leaders. 'This credit,' the letter continues, 'has been supplied to the Russian Government in order to cover the cost of the upkeep of the Red Guards (the Revolutionary troops) and the agitators in the country. The Imperial Government considers it appropriate to remind the Soviet of the People's Commissioners of the necessity of increasing propaganda in the country as the antagonistic attitude of the south of Russia and Siberia to the existing (Russian) Government is troubling the German Government.'

"Four days later the same president of the German Imperial Bank sent another 5,000,000 roubles to the same address to provide for the sending of Russian revolutionary leaders to Vladivostok to get possession of 'Japanese and American war materials' at that port and, if necessary, to destroy them.

"Documents 10 and 11 contain 'a resolution of a conference of representatives of the German commercial banks received by the chairman of the Bolshevik Central Executive Committee and endorsed by his secretary.' They give a complete synopsis of the terms on which the German banks after the war were to control Russian industry."

Other extracts from these documents were published in the "Literary Digest" (New York) of September 28, 1918. The following passage from the circular to the German secret agents in the United States is interesting in view of the fact that at the time, November, 1914, Germany and the United States were at peace:

"It is necessary to hire through third parties, who stand in no relation to the official representatives of Germany, agents for arranging explosions on ships bound for enemy countries. . . . For this purpose we are especially recommending to your attention loaders' gangs among which there are many anarchists and escaped criminals."

Another document is a communication from the German Secret Service to the Bolsheviks containing this passage:

"The agents sent by order from Petrograd to kill Generals Kaledin, Bogaevsky and Alexieff were cowardly and non-enterprising people."

Finally, the chairman of the Soviet Council is told in one letter:

"You can destroy the Russian capitalists as far as you please, but it would by no means be possible to permit the destruction of Russian enterprises."

In this manner, and by these disreputable agents and underhand means was this rule established in Russia. Bolshevism, though set up and proclaimed as socialism has provided Russia with nothing whatever in the way of liberty or democratic government. All the available evidence points to its being a worse tyranny than that which it superseded. Nevertheless, at the Peace Conference at Versailles in 1919 President Wilson sought to have the Bolshevik Government recognised by the Allies.

In his book, "Through Thirty Years" (Heinemann, 1924), Mr. H. Wickham Steed, editor of the London "Times" at the period of which he writes, records that President Wilson was concerned at the hostile reception to his proposal to recognise the Bolsheviks. Colonel House, the President's right-hand man, was greatly worried over the matter, and talked it over with Mr. Steed. Mr. Steed advised Colonel House to tell the President that it would be wise to let the matter drop; to persist in it would merely expose American "idealism"

as sordid commercialism. Mr. Steed adds (vol. 2, p. 302):

"I insisted that unknown to him the prime movers were Jacob Schiff, Warburg and other international financiers who wished above all to bolster the Jewish Bolshevists to secure a field for German and Jewish exploitation of Russia."

Mr. Steed records that immediately following on this interview he wrote a leading article which appeared in the Paris edition of the London "Daily Mail" of March 28, 1919. In that article he condemned the proposed recognition of Bolshevik rule and said:

"Who are the tempters that dare whisper into the ears of the Allied and Associated Governments? . . . They are akin to, if not identical with, the men who sent Trotsky and some scores of associated desperadoes to ruin the Russian Revolution as a democratic anti-German force in the spring of 1917."

In connection with the above statement it may be noted that Trotsky reached Russia from New York, Lenin from Switzerland via Germany and Stockholm. The New York financiers named by Mr. Steed were in close association with financiers active in Germany and recorded by other writers as participating in support of the Bolsheviks.

It is a surprising thing that so far as the writer's search of its files has gone, the London "Times," though several times publishing statements on the British war debt to America, etc., by Mr. Paul Warburg—statements of an unsympathetic, not to say hostile nature—though referring to him as "the directing force behind the United States Federal Reserve Board during the war," and so on: yet seems on no occasion to have enlightened its readers as to Mr. Warburg's close connection with the leaders of German finance. Its silence on this significant fact is remarkable.

As to the attitude of certain Jewish opinion in Britain towards the Bolshevik regime in Russia, Lt.-Col. Lane in his book quotes the following from the London "Jewish Chronicle" of April 4, 1919:

"There is much in the fact of Bolshevism itself, in the fact that so many Jews are Bolshevists, in the fact that the ideals of Bolshevism at many points are consonant with the finest ideals of Judaism."

It is true, according to Lt.-Col. Lane, that after long

delay and in face of considerable comment on the absence of any disclaimer by Jews resident in Britain of sympathy with Bolshevism, a disclaimer was finally published signed by a number of leading Jewish peers of the realm and others.

At this point it is not inappropriate to consider what befell Dr. Oscar Levy, a Jewish writer long resident in Britain who in 1920 published an unfavourable criticism of the part played by Jews in Russia. At the time these events transpired the Lloyd George Government was in office. Of that Government the "Spectator" wrote 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."

In its issue of October 10, 1920, the "Spectator" published among its book reviews a notice of a book written by Mr. W. G. Pitt-Rivers, "The World Significance of the Russian Revolution." In this book was a prefatory letter by Dr. Oscar Levy, and from that letter the "Spectator" quoted a long passage, the general tenor of which is indicated by the two short extracts below:

"We who have posed as the saviours of the world are nothing else but the world's seducers, its destroyers, its incendiaries, its executioners. . . ."

After declaring that the Jews were not, however, all world revolutionaries or international financiers, Dr. Levy proceeded:

"Our last revolution is not yet made. This last revolution, the revolution that will crown our revolutionary work, will be the revolution against the revolutionaries. It is bound to come, and is perhaps upon us now."

About eleven months later an order was made for the deportation of Dr. Levy from Britain under the war regulations just on the point of expiring. Dr. Levy was a well-known scholar of good repute; he had been long resident in Britain but was not naturalised, and had brought himself technically under the regulations by paying a visit abroad of more than three months' duration. A protest against his deportation was signed

by many eminent people, but the Government declared that the law must take its course. Dr. Levy left before the expiration of the order so that he was not actually deported, and the Governments of France and Italy both published announcements offering him their national hospitality should he desire to make his residence in either French or Italian territory. In his book, "The Jews," published in 1922, Mr. Hilaire Belloc said of this incident (p. 193):

"The case of Dr. Levy turned out of this country by his compatriots for having written unfavourably of the Moscow Jews will be fresh in everyone's memory."

In some quarters it was urged that Mr. Belloc should be summarily called upon to make good his amazing assertion or else to retract and apologise for it. It does not appear that any action was taken to this end.

Of the efforts of the Bolsheviks to suppress the Christian religion in Russia, and of the economic results of their rule something will be said in a later chapter. The various extracts from reputable sources of high authority grouped together in this chapter give a sufficient picture of the strong hostility of the Jews to Tsarist Russia and the powerful aid received financially by the Bolsheviks from quarters in which, as the chapter on Germany has shown, Jewish influence was predominant. Turning our gaze from this association of international finance with international revolutionaries, we shall now hark back to the course of events in the United States.

CHAPTER VIII.

**THE STRANGE STORY OF THE FEDERAL
RESERVE BOARD.**

The fact that Mr. Paul Warburg founded the United States Federal Reserve Board has been recorded in a previous chapter, and we have seen also how by its control of gold this board today controls the trade of the whole world. The founding of the Federal Reserve Board is a romance in itself, and if we are to understand how completely high finance rules the world it is necessary to trace at least the main outlines of the story.

As has been shown in earlier chapters, certain important steps in bygone days in getting Britain and America on to the gold standard were achieved by subterfuge and trickery, and the similarity of the trickery in two cases strongly suggests concerted international action. We have also seen how clearly the Hazard bank circular of 1862 revealed the determination of the financiers of that era in the United States to get the control of money away from the Government.

The move in the United States in 1893 to abolish silver money co-incided with the announcement that India had stopped the free coinage of silver, and this announcement precipitated a crisis which the American Banking Association, according to the circular quoted by Mr. Lindbergh in Congress, had called upon the American banks to create in that country. Was this co-incidence accidental, or was there concerted action by international financiers? On top of this we have Mr. Kitson pointing out how the happenings of 1893 led to the growth of the money power in the United States and the development of the great trusts now dominating industry in that country.

The panic of 1907, which was used as an argument for banking reform in the United States and which led to the fastening upon the American people of the German system of central banking, has been widely criticised as an artificial creation. The New York "Bankers' Magazine" for December, 1907, stated that "the bank runs in New York at first were made almost entirely by

the well-to-do, and at no time did the ordinary depositors take fright in large numbers." Commenting in Congress on this statement Mr. Gray, of Indiana, in a speech on the Federal Reserve Bill on September 12, 1913, pointed out that in New York financial circles the phrase "well-to-do" covered only millionaires and multi-millionaires, and that these were the people who made the runs.

Mr. Gray in his speech quoted another extract from the "Bankers' Magazine" showing how the currency scheme embodied in the bill had been launched by Mr. Jacob Schiff before the New York Chamber of Commerce in 1906. He added:

"The next year, 1907, when Nature responded with a most bountiful harvest, when manufactories were running full time . . . when every natural condition favoured the greatest prosperity, a panic was suddenly precipitated on the country, and the only explanation given the people was that it was a currency panic."

A large amount of similar criticism of the 1907 panic can be found in the United States Congressional Record in which the debates are printed, and one of the reports issued by the United States Monetary Commission a few years later deals severely with this panic and the way in which the concerns on which the run was made were left unsupported.

Mr. Gray in his speech next pointed out that in the following year, 1908, Congress was importuned to pass legislation to prevent a repetition of the disaster. Mr. Gray added:

"The New York bankers who had initiated this movement in the New York Chamber of Commerce through Jacob H. Schiff, January 4, 1906, had entered upon the campaign, and were conducting their operations, through the American Banking Association for the education of their country correspondents and the western bankers. To show the plan and system of education carried on among these bankers I here quote a circular letter which was issued by this association in 1893 during a similar campaign, bearing date March 11, 1893, and circulated among the influential national banks of the United States."

Mr. Gray thereupon proceeded to quote the circular printed in Chapter III of this book, ordering the banks

to create a state of monetary stringency among business men by calling up loans, etc., and to tell them that the Sherman Silver Purchase Law was the cause of it, and thus induce them to demand the repeal of this law.

In addition to providing ammunition for the campaign for central banking, the panic of 1907 yielded an immediate profit to the Money Ring. Mr. Gray says:

“A great amount of stock which had depreciated as a result of the panic in the hands of innocent bystanders and unsuspecting investors was purchased at a ruinous sacrifice and held and re-sold at par. . . . And the further opportunity was taken advantage of to secure the absorption of the Tennessee Coal and Iron Company by the Steel Trust, its only formidable competitor, thereby making the monopoly in the steel industry complete.”

In 1908 the Monetary Commission was set up by Congress to collect information on the subject of currency and banking reform. It visited Europe and published a vast amount of matter. “Most of it,” according to Mr. Gray, “was a revision of books and recast of documents of value mostly as history and without any special reference to present-day problems, and more calculated to bewilder and awe the mind, and impress both the common bankers and the citizens generally with the magnitude of the subject under investigation, and the impossibility of a full comprehension of the problem involved by the ordinary mind, to the end that a special few assuming superior wisdom and financial judgment might be allowed to dictate without question the reforms so urgently demanded.”

The next step was to get legislation through, a great campaign for banking reform being at the same time conducted throughout the United States regardless of expense. To innocent outsiders it appeared as if merchants and business people were demanding central banking and the bankers were reluctantly yielding to the demand. For instance, Mr. Gray quoted as typical of the methods employed this circular sent out by the Chase National Bank to its western correspondents under date of February 21, 1912:

“The merchants interested in the work have felt that while they regard themselves as responsible for the raising of funds for the prosecution of the work, the country at large should know that the banking interest

is in sympathy with that work.—A. H. Wiggins, President.”

As an example of the intensive nature of the propaganda put out by the Money Ring to get the bill through Mr. Oscar Callaway, a member of Congress from Texas, gave this instance in his speech on the measure:

“Mr. Chairman, a paper in Texas called the ‘Home and State’ in its issue of August 23 said editorially: ‘Sit down and write a short letter to your representative in Congress as soon as you have read this and urge him to steadfastly support the Administration Currency Bill. There is nothing to be gained by discussing the details. It is enough for us to know that it has been endorsed by Woodrow Wilson and William Jennings Bryan.’”

The first effort at legislation, however, had taken place before Mr. Wilson became President. In 1911 Senator Aldrich brought in a bill setting up a central banking system with the banks in full control of everything. The senator was leader of the Republican Old Guard, and his bill was fiercely resisted by the Democrats as a surrender of the national interests to the iniquitous Wall Street.

To show the thoroughgoing way in which Mr. Paul Warburg had worked up support for his scheme, Mr. Gray quoted the following passage from a speech delivered by Mr. Warburg at a meeting of the National Board of Trade at Washington on January 18, 1911:

“I think you could not fail to have been impressed upon the reading of our report with the remarkable degree of unanimity with which the proposed central reserve association was approved. The delegates met, and after ten minutes they knew they were agreed on that question. We then met with delegates from the New York Produce Exchange and Merchants’ Association. It took us about half an hour to agree. Meanwhile Senator Aldrich’s plan had been brought forward, and it recommended the same plan that had been recommended by our association.”

The Aldrich bill did not get through. Says Mr. Gray on this point:

“Most fortunately for the people, a change in administration came just in time to warn the party in power and defeat a colossal conspiracy to wrest from

them the last vestige of public control over their currency."

Soon after Mr. Wilson had become President in 1912 Congress set up a Commission, known as the Pujo Commission, to enquire whether or not there was a Money Trust in the United States. This Commission reported in March, 1913, that there was a Money Trust in existence, and it named the following concerns as constituting the inner ring and directing force:

J. P. Morgan and Company.

The National City Bank of New York.

Lee, Higginson and Company of Boston and New York.

Kidder, Peabody and Company.

Kuhn, Loeb and Company.

The Commission reported that by a system of interlocking directorates, stock-holding companies and other forms of domination, the above five banking houses controlled no less than 112 banks and financial and industrial companies with resources in capital and reserves totalling the prodigious sum of £4,449,000,000. A full list was published of the concerns thus controlled. The following is a summary:

Class of Undertaking	Resources, dollars
34 banks and trust companies	2,679,000,000
10 insurance companies	2,293,000,000
32 transportation companies (railroads, express and steam- ship companies)	11,784,000,000
24 producing and trading com- panies	3,339,000,000
12 public utility companies (power, light, telegraph, etc.)	2,150,000,000
<hr/> 112 companies	<hr/> Resources 22,245,000,000

In the course of its voluminous report the Commission described the relations of the inner ring of five as follows:

"The first group, which for convenience we will call the inner group, consists of Messrs. J. P. Morgan and Company, the recognised leaders, and Mr. George F. Baker and Mr. James Stillman, in individual capacities and in joint administration of the First National Bank,

the National Bank of Commerce, the Chase National Bank, the Guaranty Trust Company, and the Bankers' Trust Company of New York.

"The second group, closely allied to this inner and primary group, is composed of the powerful international banking house of Lee, Higginson and Company, Kidder, Peabody and Company, with three affiliated banks in Boston.

"The third group consists of the international house of Kuhn, Loeb and Company. This firm is only qualifiedly allied to the inner group, yet through its relations with the National City Bank, the National Bank of Commerce, and other financial institutions with which it has recently allied itself, it has many interests in common; conducting large financial transactions with them, and having what virtually amounts to an understanding not to compete, which is defended on the principle of banking ethics. Together they have with few exceptions pre-empted the banking business of the important railways of the country.

"The fourth group is in Chicago."

Elsewhere in its report the Commission said:

"The powerful grip of these gentlemen is on the throttle that controls the wheels of credit, and on their signal those wheels will turn or stop."

The general effect of this financial combination on American industry was outlined by the Commission on page 160 of their report as under:

"Issues of securities of local or small enterprises requiring moderate sums of money are frequently financed without the co-operation of these gentlemen; but from what we have learned of existing conditions in finance, and the vast ramifications of this group throughout the country and in foreign countries, we are satisfied that their influence is sufficiently potent to prevent the financing of any enterprise in any part of the country requiring 10,000,000 dollars or over, of which for reasons satisfactory to themselves they do not approve. **Therein lies the peril of this money power to our progress, far greater than the combined danger of all existing combinations.** . . .

"The acts of this inner group, as here described, have nevertheless been more destructive of competition than

anything accomplished by the trusts, for they strike at the very vitals of potential competition in every industry that is under their protection, a condition which, if permitted to continue, will render impossible all attempts to restore normal competitive conditions in the industrial world. . . .

"The gentlemen constituting this inner circle, however, violated no law in what they have done, so far as we can discover, but that is rather because . . . the law has not yet properly safeguarded the community against this form of control."

Before we go on to consider the amazing way in which President Wilson handed over control of America to these financiers by a measure which he thought would curb them, it is convenient at this stage to insert a list of the banks and the industrial concerns controlled by the Money Trust in 1913. Without such a list for reference the true inwardness of the colossal combinations formed during the past year or two in the United States and internationally cannot be grasped:

MONEY TRUST BANKS IN 1913.

Name	Resources (dollars)
New York—	
American Exchange National Bank	63,000,000
Astor Trust Company	27,000,000
Bank of Manhattan	70,000,000
Central Trust Company	118,000,000
Chase National Bank	125,000,000
Chemical National Bank	40,000,000
Commercial Exchange Bank	78,000,000
Equitable Trust Company	102,000,000
Farmers' Loan and Trust Company	135,000,000
Fourth National Bank	51,000,000
Hanover National Bank	126,000,000
Liberty National Bank	29,000,000
Mechanics and Metals National Bank	87,000,000
National Bank of Commerce	190,000,000
National Park Bank	123,000,000
New York Trust Company	63,000,000
Union Trust Company	74,000,000
United States Mortgage and Trust Company	75,000,000
United States Trust Company	77,000,000

Washington—

American Security Trust Company	....	15,000,000
Rigg's National Bank	....	14,000,000

Pittsburgh—

Mellon National Bank	....	55,000,000
Union Trust Company	....	69,000,000

Philadelphia—

Fourth St. National Bank	....	57,000,000
Franklin National Bank	....	39,000,000
Girard Trust Company	....	47,000,000
Philadelphia National Bank	....	54,000,000

Chicago—

Central Trust Company	....	50,000,000
Continental and Commercial National Bank	....	226,000,000
Continental and Commercial Trust and Savings Bank	....	27,000,000
First National Bank	....	137,000,000
First Trust and Savings Bank	....	64,000,000
Illinois Trust and Savings Bank	....	107,000,000
Merchants' Loan and Trust Company	....	65,000,000

In the 32 transportation companies controlled by the Money Trust were included the leading American railway systems, and among the 12 public utility corporations was the great Western Union Telegraph Company controlled by Kuhn, Loeb and Company. The producing and trading companies controlled by the Money Trust were as follows:

- Amalgamated Copper.
- American Agricultural Chemical Company.
- American Beet Sugar Company.
- American Can Company.
- American Car and Foundry Company.
- American Locomotive Company.
- American Smelting and Refining Company.
- Armour and Company.
- Baldwin Locomotive Works.
- Central Leather Company.
- Colorado Fuel and Iron Company.
- General Electric Company.
- Intercontinental Rubber Company.
- International Agricultural Corporation.
- International Harvester Company.
- International Nickel Company.

International Paper Company.
Lackawanna Steel Company.
National Biscuit Company.
Pullman Company.
United States Rubber Company.
United States Steel Corporation.
Westinghouse Electric and Manufacturing Company.

Six months after the publication of this report affirming the existence of an all-powerful Money Trust the Democratic Party brought in their bill to establish the Federal Reserve System. Unlike the Aldrich Bill, which proposed to give the bankers control of the whole monetary situation, the Glass Bill provided for a board of which the Secretary of the Treasury was chairman, with certain powers of veto. The Comptroller of the Currency was also an ex officio member, and the appointment of the other members was to be by the President. In other respects the Bill was very similar to the Aldrich Bill. The Glass Bill was advanced as a measure that would free the country from the toils of the Money Trust. This is very clearly shown by the speech of Mr. Carter Glass, chairman of the Banking and Currency Committee, on introducing the Bill in the House of Representatives on September 10, 1913. Mr. Glass referred in scathing terms to:

“Bankers who contributed thousands of dollars to fasten on this country the wretched Aldrich scheme, which would have impounded the surplus funds of the entire banking community of America in the vaults of a single central bank to be by it transferred at any time to any point that might appeal to the sweet will or whim of the governing board of that institution.”

Mr. Glass was also strongly of opinion that his bill would give more stable financial conditions. He said:

“Remembering that financial panics in the United States are decennial, and that we are fast approaching the time limit from 1907 to 1917, it seems to me that the obligation to legislate is immediate.”

Senator Owen, who piloted the bill through the Senate made a similar statement on November 24, 1913, as follows:

“The chief purposes of the banking and currency bill are to give stability to the commerce and industry of the

United States; prevent financial panics or financial stringencies. . . .”

The bill was rushed through the House of Representatives in eight days without any public hearings on it. It was passed by the House by 287 votes to 85. The Senate took a little longer to digest the measure and evidence on it was taken by a committee. The bill, nevertheless, was passed with little alteration.

One highly significant alteration was, however, quietly made in the bill during its passage through the House, an alteration which escaped comment at the time. As passed the act says the discount rate “shall be made with a view to accommodating commerce and business.” As introduced there was a further instruction that the rate should be made so as “to promote stability in the price level.” This had vanished before the bill reached the Senate, and totally unsuccessful efforts have since been made to amend the act by incorporating in it an instruction to this end.

A great number of people honestly thought that this measure would free the United States from the domination of the Money Trust. Among them was the late Mr. William Jennings Bryan, a life-long defender of the people’s interest against the financiers, and who fought a Presidential campaign in 1896 as the champion of silver money, declaring in a famous phrase that the workers and farmers of the United States were being “crucified on a cross of gold.” Mr. Bryan had been made Secretary of State in President Wilson’s Cabinet in 1912, and it is said that it was largely by his activity in whipping up support for it in Congress that the Federal Reserve Bill was put through.

Although the bill was carried by a big majority a certain number of members denounced it as a sham. Mr. Oscar Callaway, a Texas Democrat, for instance, made the following protest in the House:

“Mr. Chairman, in our platform adopted at Baltimore, and with which we won such a signal victory at the polls last November, we said: ‘We oppose the establishment of a central bank.’ I thought we meant that. . . . True we did not say: ‘We oppose the establishment of a central board,’ but I submit in all candour that there is no real difference so far as the concentration of power is concerned between a central bank which controls the

entire banking interests of the country, and a central board which controls the entire banking interests of the country. . . .

"This bill provides for a board of seven appointed directly by the President, subject, of course, like his Cabinet, to the President's will, which board has discretionary power over the twelve regional banks The board has exclusive power of note issue to the reserve banks; the power to fix the discount rate; with the accompanying power to increase or decrease the circulating medium of the country at will. . . .

"Summarise these powers, and you will find that power centred in this board, which Chairman Glass said 'could determine the welfare, happiness and prosperity of every man, woman and child in the United States,' and which Majority Leader Underwood declared 'resolved itself into faith in the President's board, the whole question being whether the board was angel or devil

"The big banking interests have never at any time opposed this bill in its entirety. They have asked for changes in it here and there, but the general policy of the bill has suited them."

The following striking denunciation of the bill was made during the debate by Mr. Horace Mann Towner, a Republican member from Iowa:

"I did not approve of the Aldrich plan. I would not support it now. But it is astonishing how enamoured of it the majority is. Protesting that it is dangerous, yet they adopt and strengthen its autocratic features. Declaring it unworthy of consideration, the committee copies large portions of the bill, even to the extent of embodying the language verbatim of the Aldrich Bill. If the Aldrich Bill could have been patented this bill would be an infringement. If it could have been copyrighted, this would have been an invasion. Very artfully the issue is made to appear as one between Wall Street and the Government; as between selfish speculators on the one hand, and the Government acting for the people on the other."

Another notable speech against the bill was that of Mr. Finley H. Gray, an Indiana member, and from it portions have already been quoted. Not to weary the reader, it is sufficient to conclude with this extract from

the speech of Mr. Charles A. Lindbergh of Minnesota:

"It is not my purpose to show that this bill is more vicious than the system which it seeks to amend. I propose to show that it would perpetuate the system which actual experience proves to have been the cause of centralising wealth, so that a few have robbed the people generally. It is perpetuating a system the very purpose of which is to enable the money loaners, rent collectors, dividend beneficiaries, and speculators generally, to **take advantage of the actual producers so as to control production and fix prices.**"

Before the Senate Committee Mr. George H. Shibley, director of the American Bureau of Political Research at Washington, gave a valuable historical summary of the devious steps taken to foist the gold standard on the world. In concluding he said, "This closes my outline of the way the American people and the people of the entire world were tricked into the demonetising of silver. I have stated it for several reasons: first, because a somewhat similar trick is being attempted here in this Senate Committee."

It is unnecessary to quote the speeches of the supporters of the bill, for these gentlemen merely took it at its face value, and expatiated on such of its fancied advantages as appealed specially to them.

Thirteen years later the publication of "The Intimate Papers of Colonel House" (1926) showed that the bill had been framed by the very men officially denounced a few short months previously as controlling the Money Trust! These men were the people to whom Colonel House as adviser-in-chief to President Woodrow Wilson ran for advice as to how to frame a measure to curb the Money Trust. The whole incredible story is told with disarming candour in these "Intimate Papers." All the time the good Colonel, it appears, was firmly of opinion that the Money Ring should be brought to book. Under date of July 26, 1911, he wrote as follows to Senator Culberson:

"I think Woodrow Wilson's remark that the Money Trust is the most pernicious of all trusts is eminently correct. A few individuals and their satellites control the leading banks and trust companies of America. They also control the leading corporations."

Colonel House's papers were edited by Dr. Charles

Seymour, Professor of History at Yale University, and his editor relates the very active part taken by the Colonel in framing the bill which Mr. Glass subsequently introduced, and which as we have seen in an earlier chapter Mr. Paul Warburg last year claimed, with excellent reason, as his own creation. On page 164 of "The Intimate Papers" we find their editor remarking:

"The task which Colonel House set himself was primarily to prevent the President-Elect from committing himself to any one scheme until the problem had been thoroughly studied; later he guarded the measure so that it was left in the control of experts and preserved from the heresies of political incompetents. The Colonel was the unseen guardian angel of the bill. . . . Colonel House was indefatigable in providing the President with the knowledge that he sought. . . . He laid chief stress on his frequent conferences with the bankers themselves."

The following extracts from the papers themselves show pretty clearly where the Colonel got his ideas from:

"December 19, 1912.—I talked with Paul Warburg over the telephone regarding currency reform."

"February 26, 1913.—I went to the Harding dinner [a bankers' gathering]. . . . It was an interesting occasion. I first talked to Mr. Frick, then with Denman, and afterwards with Otto Kahn [partner with Paul Warburg in Kuhn, Loeb and Company of the inner ring of the Money Trust]."

"March 13, 1913.—Vanderlip [National City Bank chairman, allied with Kuhn-Loeb] and I had an interesting discussion regarding currency reform."

"March 27, 1913.—J. P. Morgan, Junior, and Mr. Denny of his firm, came promptly at five. McAdoo [Secretary of the Treasury and formerly partner with Paul Warburg] came about ten minutes afterwards. Morgan had a currency plan already formulated and printed. We discussed it at some length. I suggested that he should have it typewritten and sent to us today."

To this is attached the following editorial footnote: "Typewritten in order to avoid the impression that might be given that Morgan's were so sure of their financial power that they could impose a cut and dried plan."

"March 24, 1913.—I had an engagement with Carter Glass at five. We drove in order not to be interrupted

. . . . I urged him not to allow . . . the Senate Committee to change what we had agreed upon in any of the essential features. He promised to be firm. I advised using honey so long as it was effective, but when it was not, I would bring the President and the Secretary of the Treasury to his rescue. I spoke to the President after dinner and advised that McAdoo and I whip the Glass measure into final shape, which he could endorse and take to Owen [Senator Owen].”

Here Colonel Houses's editor adds:

“The Currency Bill [establishing the Federal Reserve System] was brought into the House of Representatives early the next session, unchanged from the first drafts decided on by the President, McAdoo, and the chairmen of the House and Senate Committees.”

One of the concerns in the inner ring of the Money Trust was Lee, Higginson and Company of Boston and New York. At the end of August Colonel House visited Boston and was rather coldly received on discussing the banking scheme with some ordinary bankers. His editor remarks that he found “more consolation and satisfaction in a long talk with Major Henry L. Higginson,” of which talk the Colonel wrote:

“I can well understand why he is called by many Boston's first citizen. We talked on the currency question. . . . Every banker like Warburg who knows the subject thoroughly has been called upon in the making of the bill. Major Higginson seemed thoroughly satisfied with the endeavours the Administration have made to construct a good and beneficent measure.”

It appeared that Mr. Warburg had a few final touches which he desired to insert to perfect the measure, and on November 17, when the bill was before the Senate, Colonel House relates that Mr. Warburg, Mr. Schiff, and Mr. Dodge came to see him by appointment. Mr. Dodge arrived in advance of the others, and took advantage of this circumstance to explain that he had only come along at the urgent request of Warburg and Schiff, who had just handed him a munificent donation to the funds of the Y.M.C.A., of which he was president. The papers proceed:

“Mr. Schiff and Mr. Warburg came. Warburg did most of the talking. He has a new suggestion in regard

to the grouping of the regional reserve banks, so as to get the units welded together and in easier touch with the Federal Reserve Board. They wanted me to go to Washington with Mr. Warburg and Mr. Dodge. . . . I advised against going to the President with new suggestions. I thought they should be taken to Secretary McAdoo, Senator Owen and Mr. Glass; if they agreed as to the advisability of accepting them the President would probably also accept them."

The editor tells how success was finally achieved:

"Pressure from both sides and above finally compelled the acquiescence of the opposing senators, and on December 20, 'a gala day,' House called it, the Federal Reserve Bill passed the Senate."

On December 23, 1913, Mr. Jacob Schiff wrote a Christmas letter to Colonel House, congratulating him on the passage of the bill. In his letter Mr. Schiff said:

"The bill is a good one in many respects, anyhow good enough to start with and to let experience teach us in what direction it needs perfection, which in due time we shall then get."

The foregoing extracts show clearly enough that President Woodrow Wilson and his naive friend and adviser, Colonel House, were mere putty in the hands of these astute financiers. Thinking they were freeing America from an octopus, they merely fastened its tentacles more firmly than ever on the people of the United States, and created an organisation which has enabled the Jewish section of the Money Trust to dominate not only America but the commerce and industry of the entire globe.

Before we proceed to trace the course of events through the great international war which within a few months followed on the perfecting of this engine of financial control, it is worth noting that in 1928 the Federal Reserve Law was amended to permit of interlocking directorates among the banks, thus permitting a further centralising of control. In his book published last year Mr. Warburg urged that the Secretary of the Treasury should be removed from the chairmanship of the Federal Reserve Board, and the Comptroller of the Currency removed from the Board and made a subservient officer to it, the banker members taking general charge and electing their own chairman. As

Mr. Warburg seems seldom to ask in vain for what he wants these steps in "perfecting" the Federal Reserve System may possibly have been effected before this reaches the reader's hands.

It has been noted above how an instruction to the Federal Reserve Board to use its powers to stabilise prices was deleted from the bill during its passage through the House of Representatives. Several efforts have since been made by Mr. James G. Strong, a Kansas member of the House of Representatives, to place such an instruction in law. In 1926-27 and 1928-29 there were hearings by the House Committee on Banking and Currency on bills to this end introduced by Mr. Strong.

In his earlier bill Mr. Strong proposed that in addition to the instruction to make the discount rate "with a view to accommodating commerce and business," there should be added the words "and promoting a stable price level for commodities in general. All the powers of the Federal Reserve System shall be used for promoting stability in the price level."

This was very similar to what was in the bill to start with but had been surreptitiously removed. It was merely in keeping with Senator Owen's statements in fathering the bill in the Senate. However, every possible objection was raised to this simple instruction. It would lead the public to expect impossibilities, etc., etc. In order to meet these objections Mr. Strong went to all concerned for their views as how the necessary instruction should be drafted. The result he embodied in a new bill in the following language:

"The Federal Reserve system shall use the powers and authority now or hereafter possessed by it to maintain a stable gold standard; to promote the stability of commerce, industry, agriculture and employment; and a more stable purchasing power of the dollar so far as such purposes may be accomplished by monetary and credit policy."

A remarkable feature of the hearings on the second bill was the epidemic of invalidism which afflicted the members of the Federal Reserve Board when the time to give evidence approached. These gentlemen, who had objected freely enough to the crude language of the first bill were now in a number of cases afflicted with shingles, rheumatism and what not, and regrettably

unable to come and testify again. Such members and officers of the board as did testify were all emphatically of the opinion that anything on the lines sought by Mr. Strong was impracticable.

In the course of their evidence the Federal Reserve witnesses nevertheless put in numerous charts and graphs from the board's records showing movements in the price level, etc. Naturally questions were asked why the board compiled these elaborate charts if its operations had no connection with prices at all. Was not the truth of the matter that members and officers of the board watched very closely the effect of their proceedings on the price level? For example, take this passage between Mr. Strong, author of the amending bill, and Mr. Goldenweiser, Director of Research and Statistics to the Federal Reserve Board:

"Mr. Strong: Is not the real purpose of these charts to enable them to use the powers of the Federal Reserve System towards stabilisation?"

"Mr. Goldenweiser: If I had to answer that in one word I would say no.

"Mr. Strong: Then they are not using the information they have for the purpose?"

"Mr. Goldenweiser: Only incidentally.

"Mr. Strong: Incidental to what?"

"Mr. Goldenweiser: Incidental to those things that are more directly the work of the Federal Reserve System.

"Mr. Strong: That is, to accommodate business and industry?"

"Mr. Goldenweiser: To maintain sound banking conditions."

Most of the witnesses took a great deal of cornering to extract anything definite from them on this vital point, and endeavoured to shy away from it under a cloud of words. However, Mr. Strong succeeded in getting a clear-cut statement from the chief executive officer of the board. This passage occurs in the examination of Mr. Roy A. Young, Governor of the Federal Reserve Board, on May 28, 1928:

"Mr. Strong: Do you not think that the first duty of any financial system is to attempt to stabilise the purchasing power of its unit of value?"

"Mr. Young: It never has been.

"Mr. Strong: Should it not be?

"Mr. Young: No, sir; I am not going to say that.

"Mr. Strong: Have you, meaning the Federal Reserve Board, not been doing this very thing?

"Mr. Young: No."

That is a precise and definite enough statement that the directors of the United States Federal Reserve System—which the American people were told was designed specially to give stable business conditions and prevent financial crises and stringencies—consider themselves under no obligation whatsoever to use their gigantic powers for any such purpose. The basic theory of any monetary system is that an undertaking to pay a given sum of money at a future date is an undertaking to give the same value that that money represents today. Here we have the chief controlling officer of money in the United States calmly declaring that what the dollar represents in wealth is no concern of his. Nothing further is needed to reveal what a colossal fraud was perpetrated when this gang of international financiers led the people of America into this Federal Reserve System.

The position was well put by Mr. Carroll L. Beedy, a member of the Committee, during the examination in May 1928 of Professor Gustav Cassel the noted Swedish monetary expert.

"Mr. Beedy: You will recall the statement of Mr. Ebersole, of the Treasury Department, who concluded his remarks at the dinner which we attended last night by saying that he was convinced that the Federal Reserve System did not want stabilisation and the American business man did not want it, and I think that is right. They want these fluctuations in prices, not only in securities, but in commodities, in trade generally, because those who are now in control of the situation are making a profit out of that very situation. There is nothing to be gained by them by stabilising, but practically all is lost. The gain from stabilisation comes in the welfare of the countless thousands who are not in the capitalist class. . . . And it is probably true that if it does not come in a legitimate way, let us say through central banking systems, it may come, or there may be an attempt to produce it, by general upheavals, such as have

characterised society in days gone by. The revolutions have been prompted, in other words, by dissatisfaction with existing conditions, the control being in the hands of a few, and the many paying the bills.

"Dr. Cassel: Yes, I think that goes very well with what I have said about the purpose of the Federal Reserve System."

At the conclusion of the hearings on May 29, 1928, Mr. Strong summed up the position in the following words:

"Both bills have been attacked by financiers, bankers, and financial writers, some for selfish reasons, others because, having become versed in existing conditions they hesitate, or refuse, to consider and study the real purpose of the proposed legislation, which was also true when the Federal Reserve system was proposed and sought to be enacted by Congress; but I am being forced to the conclusion that the main opposition is because of the fact that certain bankers and financiers, together with those they control, desire the Federal Reserve System to use its powers 'to accommodate business and commerce,' and not 'for the stabilisation of the purchasing power of our monetary unit,' which I hold with Dr. Cassel, Dr. J. R. Commons and others who have come before this Committee, to be the first duty of a financial system set up by any government authority.

"When the Federal Reserve Act creating the Federal Reserve System was framed as the Administration Bill it contained the directions that the powers so given should be to 'accommodate business and commerce' and to aim 'to promote stability in the price level,' but the House struck out the clause for stabilisation and the Senate did not restore it.

"But little information has ever been given why this was done, but it was evidently the work of those who did not wish the Federal Reserve system to be used for the stabilisation of the purchasing power of money."

Now let us see what began to happen when the United States was enslaved under this German-Jew engine of control.

CHAPTER IX.

BRITAIN IS DRAWN INTO THE TOILS.

Six months after the Federal Reserve Board was established in the United States the German Government, according to a document published in the Sisson Report quoted in an earlier chapter, was telling its controllers of industry to open their war mobilisation orders. As the assassination of the Austrian Archduke at Serajevo had not at this time taken place it shows clearly that the early outbreak of war had been determined on irrespective of, or in advance of, the Serajevo tragedy that nominally precipitated it. Whether the assassination of the heir to the throne of Austria was part of a pre-determined programme is a matter on which one can only speculate. Post-war revelations have shown that it was more than the irresponsible act of an individual, and that the Serbian Government had been warned in advance that an attempt would be made.

On the financial side all we know is that the war followed close on the establishment of the Federal Reserve Board, by which event New York financiers with intimate German associations acquired a dominating position.

In an article by Captain V. H. Cazalet, M.F., published in the "National Review" for December, 1926, a description was given of a visit to the Ford works at Detroit at the end of October, 1926, and in the article appeared the following:

"Like other remarkable men Ford has one bugbear, i.e., international Jewish financiers. We asked him who they were. He said: 'I have several books which will tell you who they all are. They were responsible for the last war, and will in the future always be capable of creating a war when they feel their pockets need one.'"

In the following year, Mr. Ford issued a retraction of the attacks on the Jews made in his newspaper, with the contents of which journal, he explained, the multitude of his activities prevented him from keeping close touch. This remark could not apply to a personal statement made to Captain Cazalet.

As chief of the German General Staff during the war, General Ludendorff was in a position to acquire first-hand knowledge as to the origins of the war. An interview with him appears in a book, "Glimpses of the Great" (Duckworth, 1930), written by an American, G. V. Viereck. In it the General is quoted as saying:

"The same diabolically clever wire-pullers that brought about the last cataclysm anxiously wait for additional conflicts to further their ends. They are busy once more enslaving nations and bringing them under the yoke of economic dependence."

General Ludendorff told Mr. Viereck not to imagine that his countrymen in the United States were going to escape. The news of late certainly shows that although the centre of money power is in the United States that power is far from operating to the advantage of the common people of that country.

Several references to the operations of the Federal Reserve Board and some of those associated with it, in so far as they affect Britain, occur in the memoirs of the late Sir Cecil Spring-Rice, British Ambassador at Washington from 1913 to the end of 1917, when the Lloyd George Government replaced him by the appointment of Lord Reading (formerly Sir Rufus Isaacs). It will be remembered that at the outset of the war a number of large German liners were interned in New York, and that an attempt was made to have their sailings resumed under the American flag. Of this episode Sir Cecil Spring-Rice wrote to Sir Edward Grey, Secretary of State for Foreign Affairs, as follows, under date of August 25, 1914:

"Another matter is the question of the transfer of the flag to the Hamburg-America ships. It is not a very pleasant business. The company is practically a German Government affair. The ships are used for government purposes, 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 naturalised. 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."

To this the editor of the memoirs appended the following note:

"Mr. Warburg was a member of the newly elected Federal Reserve Board. He had been a partner of Mr. McAdoo, the Secretary of the Treasury."

In a letter to Sir Valentine Chirol on November 13, 1914, Sir Cecil Spring-Rice wrote:

"Dernburg [of the German Embassy] and his crew are continually at work, and the German-Jewish bankers are toiling in a solid phalanx to compass our destruction. One by one they are getting hold of the principal New York papers, and I was told today that the 'New York Times,' which had a courageous Jew at its head who manfully stood up for the Allies, has been practically acquired by Kuhn, Loeb and Company and Schiff, the arch-Jew and a special protege of the Emperor. Warburg, nearly related to Kuhn, Loeb and Schiff, and a brother of the well-known Warburg, of Hamburg, the associate of Ballin [the late Herr Ballin was head of the Hamburg-America line], is a member of the Federal Reserve Board, or rather THE member. 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. The result was that such arrangements were made as were thought to be for the advantage of the German banks, and the Christian banks were jealous and irritated."

Sir George Paish and Sir Basil Blackett were two early financial representatives of Britain in the United States during the war. Until America entered into the war Britain put her American transactions through the firm of J. P. Morgan and Company. Mr. J. Pierpont Morgan, Senior, had died in March, 1913, and the business was carried on by Mr. J. P. Morgan, Junior. The Sisson Report already quoted in the chapter on Russia, contains a reproduction of a German order of November, 1914, to secret agents in the United States ordering criminal activity in violation of the rules of neutrality. At a later date the activities of the German military and naval attaches on the German Embassy staff, Colonel von Papen and Captain Boy-Ed, became so open and notorious that the American Government ordered their deportation in consequence of their complicity in various outrages. While Sir Cecil Spring-Rice was staying with Mr. Morgan on July 5, 1915, an attempt was made to assassinate that gentleman. A man entered his

house and fired at him, wounding him in the stomach. The assassin was arrested, and gave the name of Holt, but proved to be a German named Erich Muentner. Sir Cecil Spring-Rice notes that Muentner "was known to many Germans here to have committed murder and was entirely at their mercy. From private enquiries I know that he received money from outside sources and had confederates." Muentner was imprisoned, but was later found shot dead in prison and was officially reported to have committed suicide. How a prisoner came to have a gun in his possession was not explained. Sir Cecil Spring-Rice wrote:

"It is most likely that he was shot by order, as he had promised my informant a full confession the day after he died. It was known in German circles that an attempt was to be made on Morgan."

The circumstances surrounding this affair point to powerful influences being at work against the principal American financier assisting Britain in the war.

Returning to the financial side of affairs we find Sir Cecil Spring-Rice writing in another letter:

"Since Morgan's death [Mr. Morgan senior is referred to] the Jewish bankers are supreme, and they have captured the Treasury Department by the simple expedient of financing the bills of the Secretary of the Treasury (in a perfectly fair and honourable manner), and forcing upon him the appointment of the German Warburg on the Federal Reserve Board, which he dominates. The Government itself is rather uneasy, and the President quoted to me the text, 'He that keepeth Israel shall neither slumber nor sleep.' One by one the Jews are capturing the principal newspapers and are bringing them over as much as they dare to the German side."

As time went on increasing difficulty was experienced by the British agents in getting money in the United States. In July, 1917, one finds the British Ambassador recording that Mr. McAdoo, Secretary of the Treasury, had informed him that to get money from Congress Britain must give particulars of what she was spending it on. Mr. McAdoo further suggested that it was desirable that someone in authority should be sent over to arrange for the loans required.

Lord Northcliffe, who was in the United States at

this date as a British Government representative, also urged that someone who understood politics as well as finance should be sent over to handle the loan negotiations. He summed up the position in a telegram as follows:

"They are complete masters of the situation as regards ourselves, Canada, France, Italy and Russia. . . . If loan stops, war stops."

As a result of these representations Lord Reading (formerly Sir Rufus Isaacs) was sent across to arrange matters. Whether his appointment was suggested on the American side or the British is not disclosed in the matter to which the writer has had access.

The financial position as it stood at the time of America's entry into the war in 1917 is thus summarised in "The Life and Letters of Walter H. Page" (Vol. II, pp. 272-3). Mr. Page was at the time United States Ambassador in London:

"Thus by April 6, 1917, Great Britain had overdrawn her account with J. P. Morgan to the extent of 400,000,000 dollars, and had no cash available to meet this overdraft. . . . The money was now coming due; and if the obligations were not met, the credit of Great Britain in this country would reach the vanishing point. Though at first there was a slight misunderstanding about this matter, the American Government finally paid this overdraft out of the proceeds of the first Liberty Loan. This act saved the credit of the Allied countries; it was, of course, only the beginning of the financial support that America brought to the Allied aid."

Lord Reading entered into arrangements by which the British borrowings were specifically made repayable in gold, and by which they were to bear interest at not less than the highest rate on any United States war loan. They were mostly repayable on demand, or at most three days' notice, and were convertible at the option of the United States into long-dated stock.

On these terms, accepted on Britain's behalf by Lord Reading, the British Government borrowed the 1,000 millions which it owed the United States at the conclusion of the war. Once matters were put on this amazing footing those in charge of America's finances could not lend Britain too much money. The amount at her disposal was unlimited.

As we have seen, the total stock of monetary gold in the world is only 2,000 millions. Britain under her bond to the United States might be called upon to produce half of this total stock in three days on penalty of being officially declared bankrupt. The agreement meant that the British people were absolutely at the mercy of the United States. Lord Reading, their official representative, had signed on their behalf a contract to perform impossibilities.

In face of this it is pathetic to find this passage in a letter written by Sir Cecil Spring-Rice on November 23, 1917:

"Several bankers told me that Reading's mission was most useful, and that he was exceedingly adroit. His reputation for cleverness was very high indeed, so high that there was a good deal of anxiety expressed lest he should succeed in putting one over Mr. McAdoo."

In January, 1918, Lord Reading was appointed British Ambassador to the United States in place of Sir Cecil Spring-Rice, who died in Canada a few months later. Later on Lord Reading was appointed Viceroy of India, that country so filled with unrest, and where Jewish activity has been pronounced. In his book Mr. Hilaire Belloc says:

"Today it is Britain which stands to the Mohamedan as the thruster-in of the Jew. It began with the support of Jewish finance in Egypt; it went on with the extended control over Indian commerce by the Jews; it continued in the control of Indian currency by the Jews. It ended in the grotesque appointment to the Indian Viceroyalty and the extraordinary experiment of Palestine."

More recently Lord Reading has become, as we shall see, a director of the American-financier-owned company which has got a strangle-hold on British industry by buying up the power plants of London and practically all the principal cities in the British Isles.

To return to our main theme, we next find that after Britain had incurred this enormous indebtedness to America, pressure soon came from the American end for a return by Britain to the gold standard. Even before the war ended the Cunliffe Committee was set up by the British Government to report on the matter. This committee was composed almost entirely of bankers, the

producers and manufacturers with whose destiny they were playing being given no voice whatever in the matter.

The course of events following the piling up of war debts was incisively described by Mr. Arthur Kitson in the "National Review" for March, 1925:

"Having created these national gold debts, the conspirators were still fearful lest their hoards of gold might turn to dross if Europe should stick to its paper money and refuse to employ their metal for its internal currencies. This fear was particularly intense as far as England was concerned. The Treasury notes had performed all the functions of money perfectly—far better than gold. There had been no legal tender inflation. Whatever inflation there had been was due entirely to the vast issues of credit by the Treasury and the bankers themselves. These notes formed the basis of what might have become a perfect elastic currency, admirably adapted to the commercial and industrial needs of the British public, who had grown accustomed to them and liked them. Where gold had failed the Treasury notes succeeded. Mr. McKenna, the chairman of the Midland Bank, has recently testified to the superiority of our 'managed' paper currency over the American gold-standard currency. Moreover, these notes admitted of expansion without disturbing international affairs and without the aid of international financiers. Hence their destruction became a necessity. The appointment of a Committee consisting of the representatives of high finance was therefore urged upon our Government. The Cunliffe Currency Committee with its carefully assorted members was the result. These bankers recommended the return to the pre-War gold standard—'according to plan.' One cannot suppress a feeling of indignation and contempt for a body of men who, whilst millions of Britain's sons from all parts of the Empire were freely giving away their lives to save us and civilisation from the domination of German Kultur, were engaged in a scheme for adding to their own and their shareholders' enrichment at the expense of British taxpayers!

"The next step was the Brussels Conference, at which the representatives of the leading bankers of all the Allied and neutral countries were instructed to recommend a similar policy to that already demanded by the

Cunliffe Committee. Having thus secured consent of the Allied and neutral countries, there still remained Germany, Austria and Russia. The Austrian currency was 'stabilised' by Wall Street and Lombard Street influence. Then came the Dawes Scheme, which brought Germany into line. The Russian position is still receiving attention, but it is certain that eventually Bolshevism will have to accommodate itself to the policy its leaders have so often denounced.

"Although the French, Belgian and Italian financiers have given their formal endorsement of the gold standard, their rulers have so far been much too wise and too patriotic to consent to the ruin of their trade and the stagnation of their industries merely for the enrichment of international bondholders and moneylenders. Hence the pressure which the American Government is now [1925] putting upon these countries for the payment of their debts—particularly France. The offer of gold loans is merely to inveigle them into the same financial web in which our bankers and Treasury officials have already involved us.

"The delay on the part of our officials to adopt the gold currency created a feeling of impatience in Pine and Wall Streets, and led to the recent artificial manipulation of both the pound and the dollar.

"What is termed 'parity,' viz., the pre-War ratio of the two money units, has been practically achieved outside of any trade operations. Indeed, surprise has been expressed by one or two of our ardent gold standard advocates that the pound sterling should rise in relation to the dollar when the balance of trade is so heavily against us. Since the whole movement is merely 'a ramp' to deceive the British public, no economic reasons need be sought. (Kitson's note: It should be remembered that the rates of exchange between foreign countries are manipulated and fixed by the bankers themselves.)

"The recent visit of the Governor and a Director of the Bank of England to New York was merely another move in the game, although our instructed journalists have tried to impress the public with the vast importance of this visit and the advantages it has accomplished.

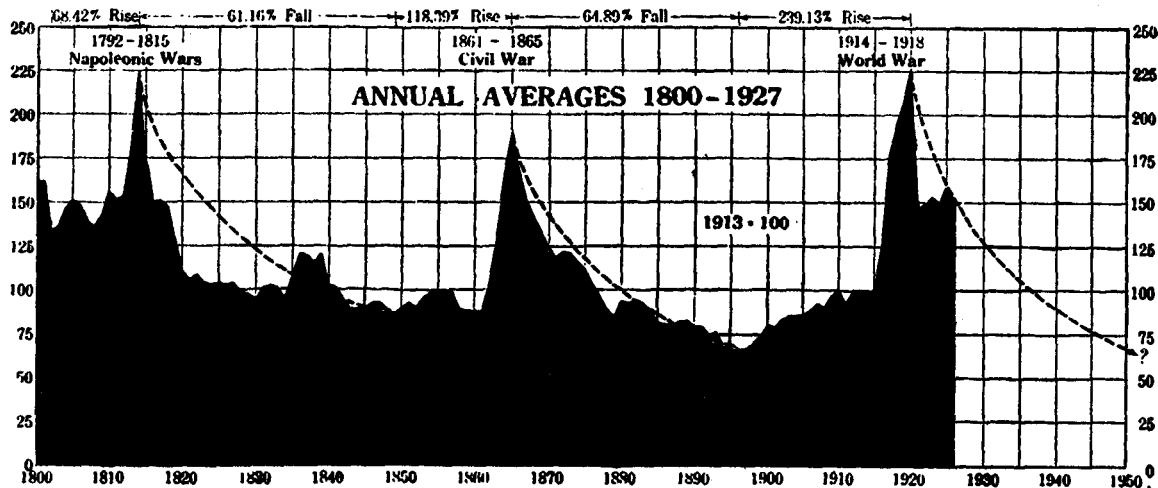
"The gold currency system which the mere shadow of the Great War exposed and destroyed, is to be re-imposed without so serious a scheme being even

submitted to the voters. [It was restored in the month following the publication of Mr. Kitson's article.] With the re-establishment of this system, the German-American plot may be regarded as having succeeded. Indeed, so far as England is concerned, the German-American financiers must have marvelled at the ease of their conquest. No sheep ever went more readily to the slaughter than the British people have been led to their present hopeless conditions of debt-enslavement, which, as some of our politicians have reminded us, will lower the standard of living for generations to come. The full effects of this financial policy are not yet realised. Millions of our people have already tasted and are experiencing some of them, viz., unemployment, bad trade, and starvation. But the evil days are yet to come

On the following page is a reproduction of a chart showing the general level of commodity prices in the United States from 1800 to 1927.

A significant feature of the rise in prices in connection with the war is that the greatest inflation occurred not during the war, as had been the case in previous wars, but after it. At this date the American Federal Reserve Board was in possession of its huge gold accumulation and its policy was the determining factor in the price level. According to evidence given by Professor J. R. Commons, of the University of Wisconsin, before the United States House of Representatives Banking and Currency Committee in 1927, this post-war inflation was deliberately created. Professor Commons said:

"What I wish to say to you was learned by me in confidence from a member of the Federal Reserve Board. I, of course, will not give his name. He and another member of the Federal Reserve Board in 1919 and 1920 understood what the Federal Reserve System was doing; they were inflating prices and were going to bring about a terrific rise in prices. They knew it. . . . They protested in a meeting of the Federal Reserve Board against what was being done by the Federal Reserve Board at that time. . . . They considered for a time whether it would not be better for them to offer their resignations and then give their reasons to the public for resigning. They finally agreed to go along with the



The above chart, showing the general level of commodity prices in the United States from 1800 to 1927, originally appeared in an article by Mr. Norman Lombard contributed to the "American Labour Legislation Review." It bore the caption "Will History Repeat Itself?" The movement of the price level in Britain shows a general similarity except that the mid-century upward lift was not so pronounced. Mr. Lombard urged that by central bank policy money might be stabilised in purchasing power and unemployment reduced. In this way the downward trend indicated might be prevented with all that it would mean in misery and distress. Whether central banking is the cure is open to doubt!

system, the majority, and simply to file their reasons in the record of the board so that in case the question was raised after their death their record would be clear."

In the London "Times" of November 6, 1919, we find a message from its New York correspondent stating that Mr. Paul Warburg, "the directing force of the Federal Reserve Board throughout the greater part of the war," had returned from a tour of England, Holland, France, Switzerland and Germany. Mr. Warburg was quoted as saying:

"There are two fundamental evils which must be eradicated if world bankruptcy and communism are to be avoided. These are the continuous increase in prices and decrease in production . . . the persistent depreciation of capital."

As we all know the post-war boom was followed by a speedy collapse. In New Zealand this brought disaster to the soldier settlers placed on the land on the basis of boom prices. Here again we have evidence that this collapse was made to order of the United States Federal Reserve Board.

In giving evidence before the House Banking and Currency Committee in 1926 at Washington, Mr. Western Starr, a retired farmer and head of the Farmer-Labour Party, said:

"In 1919 and 1920 things got—well, a little jumpy, and here are the minutes of a conference of the Federal Reserve Board, of the Federal Advisory Council and the directors of the Class A banks of this country held in Washington, D.C., on May 18, 1920, in which over the protests of some of their own members, secretly and under orders of secrecy, they decided to deflate. There were reasons. Some of the great employers of labour felt that they were paying too large a share of their income in the form of wages. They had to reduce wages first thing.

"Now, in order to reduce wages they had to cut the cost of living. They could not reduce wages until they cut the cost of living. That meant they had to hit the farmer first. That was the first step, and God knows they hit him."

Mr. Starr then proceeded to quote at length from the minutes of this conference. One of the directors of the

advisory board of the Minneapolis Bank, he said, told the conference that:

"Our bank is making 10,000 dollars a day, net velvet, and we cannot offer these people this rule, we cannot knock them in this way and bring ruin, starvation and death to people who are dependent on us."

Mr. Scott, of the Federal Reserve Bank of Dallas, Texas, according to another extract quoted, declared the proposal "monstrous," and a strong protest was also made by Mr. Dowell of North Dakota.

Continuing, Mr. Starr said:

"These are Federal Reserve bank officials who make this statement, overridden by the statements, philosophy, and arguments of W. P. G. Harding [at that time chief executive officer of the Federal Reserve Board].

"Mr. Leatherwood: Do you think that decision of that famous meeting held in Washington in which they decided to issue this order, had anything to do with the gathering in, soon thereafter, of the millions and hundreds of millions of securities of the little holders?"

"Mr. Starr: My dear sir, it is only another illustration of the practice that has prevailed for more than 2,000 years. It has been the practice of what you might describe as the moneyed class for more than 2,000 years to create alternate periods of high and low prices, buying when things are low and creating artificially stimulated high prices on which they sell out, only to create another period of deflation on which they buy in. That has been the practice. We have had sixteen different periods of that kind in our own history as a nation of less than 150 years."

Further evidence of the action of the Federal Reserve Board in depressing prices in 1920 was provided by Mr. Swing, a Californian Congressman, in a speech made in the House of Representatives on May 23, 1922. In that speech, quoted by Mr. Canfield, another witness on the Banking and Currency Committee hearings on the Strong Bill, Mr. Swing said:

"I was present at a meeting of the bankers of Southern California, held in my district in the middle of November, 1920, when W. A. Day, then Deputy Governor of the Federal Reserve Bank of San Francisco, spoke for the Federal Reserve Bank and delivered the

message which he said he had been sent there to deliver. He told the bankers there assembled that they were not to loan any farmers any money for the purpose of enabling the farmer to hold any of his crop beyond harvest time. If they did, he said, the Federal Reserve Bank would refuse to discount a single piece of paper taken in such a transaction. He declared that all the farmers should sell their crops at the harvest time unless they had money of their own to finance them, as the Federal Reserve Bank would do nothing toward helping the farmers to hold back any part of their crop no matter what the condition of the market.

“Mr. Cooper, of Wisconsin: Did the gentleman from California hear that?”

“Mr. Swing: I did. I think I was the only person present who was not a banker. This was in a way confidential advice being given by the Federal Reserve Bank for the benefit of the small bankers.

“I say that was the admitted declared policy of the Federal Reserve Board made by an officer of the Board delegated for the purpose of making an announcement for the information and guidance of the bankers of my district. No one could be in any doubt for one minute as to what the natural, logical, and necessary consequences of such a policy would be. If the entire crop of the country is thrown on the market at the time of the harvest, of course the market would be depressed. The Federal Reserve Board deliberately set out to bear the market. Now, if they could do that at that time, have they not done that with other commodities, and cannot the same system be used to stabilise money and to stabilise wholesale prices?”

The foregoing statements show clearly that both the post-war boom and slump in the United States were in accordance with Federal Reserve policy, and in earlier chapters we have seen how it has befallen that American monetary policy dominates the world price level. Moreover, the action taken in 1919 and 1920 is merely in accord with the steps taken in 1893 and 1907 to create an artificial monetary stringency.

At this date the Lloyd George Government was in office in Britain, a Government in which Jewish financial influence was very strong indeed. In the early part of the year 1920 Mr. Austen Chamberlain announced in the

House of Commons that the Government "had set its heart on deflating the currency," and forthwith embarked upon the policy of currency deflation that ushered in long-continued trade depression and unemployment from which Britain has since suffered.

In the same year the shareholders of the Bank of England elected Mr. Montagu Norman as Governor of the bank. Mr. Norman was a member of the American banking house of Brown, Shipley and Company. In his book, "This Age of Plenty" (Isaac Pitman, 1929), Mr. C. Marshall Hattersley quotes a passage from the "Wall Street Journal" of March 11, 1927, stating that Mr. Norman is very intimate with Dr. Schacht, head of the Reichsbank, the central bank of Germany, and stating that he was unknown in financial London when first elected Governor of the bank in 1920.

Mr. Hattersley points out that among the twenty-four directors of this private bank, which today controls British currency, are a number with strong international connections. Among them is Mr. Edward Charles Grenfell, a partner in Morgan, Grenfell and Company, the London house of J. P. Morgan and Company of New York, and formerly the dominant firm in the United States Money Trust. This firm is in close alliance with Morgan, Harjes and Company of Paris, the French branch of J. P. Morgan and Company. Another director is Mr. Kenneth Goschen, of the international firm of Goschen, Cunliffe and Company. Still another is Mr. F. C. Tiarks, of the international firm of J. Henry Schroeder and Company which found the money for Germany under the Dawes scheme.

Mr. Hattersley also notes that the Bank of England notes which have replaced the war-time Treasury notes as the money of England are distinctly foreign in appearance and with no King's head on them, the Royal effigy having thus been banished from the currency of the realm, except on the copper and silver small change.

Since his appointment Mr. Montagu Norman has spent a great part of his time running backwards and forwards between London and New York. His activities since 1920, however well-intentioned, have been accompanied by no improvement in the state of British trade and industry.

A recent director, and now officer of the Bank,

is Sir Otto Ernst Niemeyer, formerly Controller of Finance in the British Treasury. Last year Sir Otto Ernst Niemeyer and Professor Theodor Emanuel Gugenheim Gregory visited Australia and New Zealand as emissaries of the Bank of England. Australia may have been extravagant, but her present financial difficulties would not have been serious but for her debt incurred in fighting Germany. In face of this fact it is surely a very extraordinary thing that the Bank of England should send out two agents, both from their names obviously of Teutonic descent. The character of these gentlemen may be beyond reproach, but in view of the German-Jew domination in New York, in view of the way British finance is under the thumb of New York, what feeling can a layman experience but one of disgust at finding a foreign flavour in Bank of England action on this side of the world? As may be seen by reference to the appendix to this book, questions have been publicly raised—and apparently never answered—as to the Germanic connections of Sir Otto Niemeyer.

As Sir Otto Ernst Niemeyer appears to be generally considered by our bankers, politicians and newspaper editors—barring a few notable exceptions—to be a superhuman embodiment of the purest undiluted financial wisdom it is worth while seeing what he has done for Britain.

After the elections of 1922 Sir Otto Ernst Niemeyer accompanied Mr. Bonar Law to the German Reparations Conference at Paris when Mr. Bonar Law produced a plan to give Germany a four years' moratorium, letting her off all reparations payments during that period. The French refused to agree, and the proceedings ended in disorder. Following on this conference the depreciation of the mark began—generally believed to have been an engineered swindle, and Germany defaulted on her payments.

Sir Otto Niemeyer accompanied the Chancellor of the Exchequer to the United States when the American debt was funded and Britain undertook to pay America annuity for 62 years, rising from £33,000,000 a year to a considerably higher figure (see Appendix, p. ix).

Sir Otto Niemeyer was one of the financial experts on the Exchange Committee set up at the Imperial Economic Conference in 1923 which declared that the

Australian and New Zealand exchange, then standing at 30/- per cent., would automatically right itself to the pre-War figure of about 17/6 per cent. as soon as the gold standard was resumed. We know how incorrect that has proved.

Sir Otto Niemeyer was a member of the Treasury Committee set up in 1924 and which reported in February, 1925, recommending the immediate return to the gold standard. "Any temporary disadvantages," declared this committee in its report, "will be many times outweighed." We also know how incorrect that has proved.

So far as the writer can discover pretty well every financial step of importance taken by Britain in recent years which has tended to make money dearer, to increase the deadweight of the National Debt, and generally to depress trade, increase unemployment, and break the backs of the British producers and manufacturers, has been distinguished by the support of Sir Otto Ernst Niemeyer.

What it cost to bring Sir Otto Ernst Niemeyer and Professor Theodor Emanuel Gugenheim Gregory to New Zealand has not been disclosed. Perhaps the good people in Christchurch who pressed for the invitation will tell us what we have gained by the visit of these two distinguished Englishmen—if that description is considered correct.

On April 28, 1925, Mr. Winston Churchill, then Chancellor of the Exchequer, added to the debt Britain already owed him as a war strategist, by announcing that the gold standard had been resumed as from that day.

Mr. Churchill was soon after entertained as the guest of honour by the British Bankers' Association. It was fitting that the president of this association should bear the name of Sir Felix Schuster. "Who's Who" does not state where Sir Felix Schuster was born, but he was educated at Frankfort-on-the-Main, and his elder brother was born in that home town of British financial policy. In complimenting Mr. Churchill in his action in restoring the gold standard Sir Felix Schuster said: "There might be temporary drawbacks, but they would not count in the long run. The benefit of stability and security would outweigh them all. A great obstacle to world trade had been removed."

From the moneylenders' point of view there was no doubt about the benefits to be derived by having Britain's trade once more tied inflexibly to the hoard of gold controlled by the international moneylending interest. Mr. Hattersley in his book, "This Age of Plenty," quotes an extract from the "Bankers' Magazine" recording how a shipment of 11 millions of gold from London to New York was followed by a decline in Stock Exchange securities to the extent of 150 millions. The owners of that gold doubtless knew quite well what would follow on their shipment of it and were simple people indeed if they did not profit by it.

When the Jew-ridden Lloyd George Government, under German-Jew pressure from New York, embarked on its policy of monetary deflation we find Mr. Reginald McKenna in his annual address as chairman of the Midland Bank telling the British public very clearly what it meant:

"Let us look at the policy of monetary deflation Let us suppose that it were practicable by this process to bring prices permanently down to the pre-War level. What sort of a charge would our National Debt mean to us? It stands today at £7,770,000,000, mostly borrowed when money was worth very much less than before the war. With prices back to their former level the burden of the debt would be more than doubled, in other words, the creditor would receive a huge premium at the expense of the debtor."

Such a result, Mr. McKenna declared, would be "repugnant to every principle of equity and economic propriety."

That was the opinion of a British financier not born at Frankfort-on-the-Main as to what the policies of our Schusters, Schroeders, Niemeyers, Goschens, Gugenheim-Gregorys, and the rest were going to mean. That Mr. McKenna was not mistaken one has only to refer to the file of the London "Statist" for July last. In an article published during that month the "Statist" pointed out what the price decline had meant up to then in the dead-weight of the debt Britain owed America. That debt was funded in 1923 at £945,205,000. Since then £35,755,000 had been paid off, leaving £909,452,000 outstanding. The "Statist" price index number in 1923 was 133, in July last it was 98. Thus the outstanding

American debt, adjusted to the value of money in 1923, would be £1,234,256,000, or £289,051,000 more than the original amount. The burden today is considerably heavier than it was in July last, and the controllers of gold can juggle the burden of the world's debts about to any extent they please—excepting that if they go too glaringly far the public at large may at last realise where the root of their trouble lies.

him to buy, and then deflation delivered him into the hands of the moneylender. The Federal Reserve Bank can be a blessing or a curse according to its management. If the Wall Street speculators are in control of it they can drain the agricultural districts and keep up a fictitious prosperity among the members of the plunderbund.

“While the Federal Reserve Bank Law is the greatest economic reform achieved in the last half century, if not in our national history, it would be better to repeal it, and go back to the old conditions, and take our chance with individual financiers, than to turn the Federal Reserve bank over to Wall Street and allow its tremendous power to be used for carrying out the plans of the Money Trust.”

Similar disillusionment was expressed by Mr. Western Starr, head of the Farmer-Labour Party, in his evidence before the House Banking and Currency Committee in 1926:

“In the first place, with respect to the Federal Reserve Act, we were told this was something that would save us from the economic domination that we are confronted with all the time; that it would prevent panics and lock-outs, and stabilise currency and give us a flexible currency that would meet all the demands of commerce; that it was the one thing the world had been looking for, and we must have it; and they even got William Jennings Bryan, who had been fighting the principle involved in the Federal Reserve Bank Bill all his life, to go personally and dragoon members of Congress and the Senate in his party; and if it had not been done it could not have been passed; and he said before he died it was the one thing he had done in his public life that he regretted having done.”

Mr. Starr next proceeded to review the events leading to the formation of the Federal Reserve Board. “The members of the Farmer-Labour Party,” he said, “knew of the panic of 1907, and know what made it.” Then the Pujo Committee was set up to discover whether there was a money trust in existence in the United States and found that there was such a trust and named the men that composed it. After that they had the move for setting up the Federal Reserve Board. Said Mr. Starr:

“Paul Warburg was the man who originated the

CHAPTER X.

THE STRANGLE-HOLD INCREASES.

That Mr. Paul Warburg, like his famous co-religionist in the play, was determined to have his pound of flesh so far as Britain was concerned was well shown by the following statement issued by him as a counterblast to the Balfour Note on the American debt and published in the London "Times" of August 2, 1922:

"He still clung to the hope that France would recede from what he called her present suicidal attitude 'of wanting the milk, the cow, and her meat at the same time,' and believed that when that happened America would co-operate sympathetically with Europe, forbearing her claims for war debts from those of her Allies who could not pay without disastrous consequences. **England's debt, however, he put in a class by itself, suggesting that an understanding for its funding and ultimate repayment was an essential preface to American co-operation in Europe.**"

That was a clear-cut statement by the man who dominated the United States Federal Reserve Board, which dominated the world, that Britain was to be singled out for exceptional treatment. What the war had failed to do the peace was to accomplish.

About this date one of the most prominent supporters of the Federal Reserve Act at the time of its passage had come to an understanding of its true inwardness. This was Mr. William Jennings Bryan, who had exerted all his influence to line up the Democratic Party members in Congress in support of the measure. According to Mr. Western Starr, Mr. Bryan said before he died that this was the one action in his political career that he regretted. In an article he contributed to "Hearst's International Magazine" for November, 1923, Mr. Bryan said:

"The Federal Reserve Bank, that should have been the farmer's greatest protection, has become his greatest foe. The deflation of the farmer was a crime deliberately committed, not out of enmity to the farmer, but out of indifference to him. Inflation of prices had encouraged

succeeded in 1929 by the Young Plan, the author of which, Mr. Owen D. Young, is executive head of the General Electric Company, which concern was also listed by the Pujo Commission as in the Money Trust.

It is well known that the present disastrous slump in commodity prices was preceded by what the newspapers described as "an orgy of speculation" on the New York Stock Exchange. This orgy ended when the Federal Reserve Board in 1928 put up its discount rate to 6 per cent. and ushered in the slump period. Discussing that action of the Federal Reserve Board, Professor Cassel wrote as follows in the London "Financial Times" last year:

"Practically absolute power over the welfare of the world has been placed in the hands of the Federal Reserve Board. And one is appalled to see the apparently haphazard manner in which the Board uses this power, how ignorant it is of the aim which ought to dictate American monetary policy."

Professor Cassel went on to point out that since the end of the war the United States had been the ultimate arbiter of whether trade was to be good or bad, whether the price level was to rise or fall, whether men and women were to be fully occupied or thrown into the sea of unemployment. In 1928 the board made a cardinal error. Instead of guiding its policy to maintain stability in trade and employment it bumped up money rates to "combat the New York speculative mania."

If Federal Reserve policy created the present slump, there is equal reason to believe that it created the monetary conditions leading to the orgy of speculation in America. What happened during that orgy? At the annual Bankers' Convention held in the United States in October, 1928, it was pointed out that:

"For the first time in the history of the country the whole nation is trading in stocks and bonds. . . . The whole country has been thrown into a speculative frenzy. . . . More and more funds are being drawn daily into speculation to the disadvantage of other and more important lines entitled to credit."

As to how this speculation originated the following passage from an article in the New Zealand "Mercantile Gazette" of November 28, 1928, summarising American conditions provides sufficient indication:

date until July 12, 1924, and also how before the withdrawal of those forces a further loan was imposed on the people of San Domingo.

In his article in the "National Review" for March, 1925, Mr. Kitson stated that the Federal Reserve System was "the recognised source of the money supplies which the Warburg group are employing on behalf of Germany and Russia." Mr. Kitson added:

"Early in 1921 Warburg started what is known as the International Acceptance Bank at 31 Pine Street, New York, the object of which is to accept German bills and get them discounted at the various American Federal Banks. The German Schacht Bank was established in Berlin in March, 1924, by special act of the Reichstag and is at present the recognised central bank of Germany under the Dawes Scheme—which scheme was also the product of the fertile brains of the Warburg brothers. The directors are 99 per cent. Jewish nationals as opposed to German nationals. Just here it may be noted that in addressing the Volkische youth meeting in Munich last July General Ludendorff said: 'The Dawes Plan was made and inspired by Jews for putting Germany under Jewish control. This plan means future slavery for the German people and also the complete crushing of the Germanic spirit.'

"Mr. Paul Warburg has made himself the main, if not the sole, agent between the new German Central Bank and the American banks. He announced through Reuter's agency last April that his company, the International Acceptance Bank in America, had established an American Banking Syndicate for the purpose of granting unrestricted credit facilities to the new German gold bank."

As noted in an extract quoted in another chapter, Congress in 1923 passed legislation enacting that the Federal Reserve banks might discount foreign acceptances, and advantage was taken of this immediately on the adoption of the Dawes plan.

"Who's Who in America" records that General Dawes, now American Ambassador to Britain, has been president and chairman of the Central Trust Company of Illinois since 1902. This concern is one of those listed in the Pujo Report as in the Money Trust. The Dawes Plan for the payment of German reparations was

A proviso of the agreement constituting this financial ring for the control of China lays it down that if any one of the parties is not in a position to take up its share of a loan, etc., to China the others may take up the amount in lieu. As the American group has far more money available for foreign financing than the concerns representing Britain, France and Japan, the upshot is that China has become virtually a preserve of the German-Jew group that dominates American finance.

As is noted in "Dollar Diplomacy" the amount of respect exhibited by these financiers for the sovereign independence of China is shown by the fact that the agreement was only communicated to the Chinese Government after it was signed.

Following on this arrangement a further step was needed to ensure complete domination by this New York financial ring in China. Joint action by Britain and Japan must be rendered impossible, or at least improbable. Thirteen months after the consortium agreement had been signed the Washington Arms Conference was called. In reviewing the results of that conference Senator Lodge, of the Republican Party and one of the representatives of big business, declared:

"The chief and most important point in the treaty is the termination of the Anglo-Japanese Alliance. That was the main object of the treaty. . . . The Anglo-Japanese Alliance was the most dangerous element in our relations with the Far East and with the Pacific."

Many of us were simple-minded enough to think that the Washington Arms Conference was a disinterested effort to reduce the burden of armaments and to secure the future peace of the world. It was for this ostensible purpose that it was called, just as the Federal Reserve Board was created for the ostensible purpose of stabilising money and preventing panics, and just as a lot of people are telling us that if we want better times we must form central banks in every country.

In "Dollar Diplomacy" is told the instructive story of how the firm of Kuhn, Loeb and Company made a loan of 20,000,000 dollars to the West Indian Negro Republic of San Domingo in 1907, and how this led to the installation of a United States Government Receiver-General to collect the interest in 1916 and the occupation of San Domingo by American naval forces from that

"This declaration of intentions was the first avowal of the policy which under the Taft Administration won the title of 'Dollar Diplomacy.'"

In 1911 Messrs. J. P. Morgan and Company, Messrs. Kuhn, Loeb and Company, the First National Bank, and the National City Bank of New York got in on the international Hukuang loan. The participation of this group in the loan was not achieved until President Taft had sent a personal message to Prince Chun, the Chinese Prince Regent, referring to "the high importance I attach to the successful result of the present negotiations."

After the war the old "spheres of influence" by which the European diplomats had divided China up into sections for their respective concession hunters were abolished by international agreement. In place of this old arrangement there was established an international financial consortium which, it was agreed, should henceforth attend to all foreign financing thereafter undertaken in China. That is to say, the entire foreign financial exploitation of the Chinese now proceeds through this consortium, the Governments of the four Powers in it guaranteeing their support. The agreement constituting the consortium was signed on October 15, 1920. The signatories included:

Britain—The Hong Kong and Shanghai Banking Corporation.

France—Banque de l'Indo Chine.

Japan—Yokohama Specie Bank.

United States—J. P. Morgan and Company; Kuhn, Loeb and Company; National City Bank of New York; Chase National Bank; Guaranty Trust Company of New York; Lee, Higginson and Company; Continental Trust and Savings Bank.

The names of most of these American participators will be found set out in the list of corporations included in the Money Trust. It will be remembered that the Pujo Commission reported that the Money Trust was dominated at the date of its report (March, 1913) by Mr. J. P. Morgan. Mr. Morgan died at the end of that month, and we have the statement of the British Ambassador at Washington that "since Morgan's death the Jewish bankers are supreme"—that means Messrs. Kuhn, Loeb and their allied concerns.

concerns whose names may be found in the Money Trust list in an earlier chapter.

Mr. E. H. Harriman, the American railway magnate, whom President Roosevelt fought in his anti-trust campaign, was long active in concession-hunting in China. Mr. Harriman was in close association with Kuhn, Loeb and Company, and seems really to have been a sort of department manager for them.

In the biographical sketch of the late Mr. Schiff, of Kuhn, Loeb and Company, reprinted from the Jewish Encyclopædia, we have seen how that firm financed Japan in her war against Russia. Peace after that war was signed at Portsmouth in the United States. In "Dollar Diplomacy" we are told:

"Immediately after the signing of the Portsmouth Treaty Harriman concluded a memorandum for an agreement with the Marquis Ito and the Marquis Katsura of Japan for joint American and Japanese ownership of the South Manchurian railway."

This scheme was, however, opposed by powerful Japanese statesmen and never got through. In 1908 negotiations by Harriman, Schiff and Kahn for a Manchurian bank fell through owing to the death of the Empress Dowager and the fall of the party in power in China. This American group was busy in various directions securing concessions in China. On the election of President Taft, a very distinct friend of big business, support was promptly given for these financiers in their schemes for the exploitation of the Chinese. In his inaugural address on March 4, 1909, President Taft said in reference to China:

" . . . The United States can maintain her interests intact and secure respect for her just demands. She will not be able to do so, however, if it is understood that she never intends to back up her assertion of right, and her defence of her interests, by anything but verbal protest and diplomatic note."

The President in this way plainly intimated to the Chinese Government that unless they submitted to the schemes of these financiers the armed forces of the United States Government might possibly be employed to reinforce the arguments of Messrs. Schiff, Kahn, Harriman and Company. Messrs. Nearing and Freeman relate in their book:

scheme and brought it here from Hamburg for the purpose of putting it over the American people."

"Mr. Canfield: The bill they wanted was a different bill from what passed.

"Mr. Starr: Paul Warburg said it differed only in one particular, and that could be corrected by 'administrative processes.'"

"Now, the Federal Reserve Act was passed, and they put one of the men that had been denounced . . . in charge of it. Paul Warburg, a member of the firm of Kuhn, Loeb and Company, was put on the board to run it. That is what the farmers of this country saw, and now think about your Federal Reserve Board. They may be away off; they may be very much mistaken. These men may be as patriotic as the Angel Gabriel and all right, but the farmers of this country do not think so, and the labour men of this country who do not stand in to get a slice do not think so."

Mr. Starr expressed in downright fashion his view of what the Federal Reserve System meant internationally:

"The nations for whom we have made sacrifices despise us and hate us and abhor us; you cannot go to a music hall or read a comic magazine published in any one of those countries in which they do not hold us up as a Shylock and a robber. It is because our foreign policy is dictated, not by the people of this country, but by the bankers and by the credit monopolists of this country, and if we are ever going to get away from that feeling of detestation and hatred which they feel against us, and which, if it is allowed, will grow into a war, compared with which the last war will be a Fourth of July picnic, we have got to take our domestic affairs and foreign affairs out of the hands of these old men of the sea."

During the past few years the activities abroad of the American money ring have been on a colossal scale. All financing of China, of example, is now controlled by the same little German Jew coterie that controls the United States Federal Reserve Board. The octopus has had its tentacles on China for many years. In their book, "Dollar Diplomacy" (R. W. Huebsch, New York, 1925), Messrs. Scott Nearing and Joseph Freeman give much information as to the close alliance between American governmental action abroad and the activities of various

"It is claimed that the hands of the Federal Reserve are tied so that the policy put into operation a year ago to make money easier and help to bring about gold exports cannot be reversed. At that time the Board lowered the rediscount rate even against a protest of the Reserve Bank of Chicago, and was also a heavy buyer of Government securities. This policy of making money easier was the starting point of the wild speculation."

This gigantic orgy of speculation was thus started and stopped by the Federal Reserve Board. If the whole nation was feverishly handing away its savings for stocks and bonds somebody naturally must have been selling those stocks and bonds. What was the nature of the transactions, and for what purposes was the money being absorbed?

The answer to this question is very fully provided in a recent book, "America Conquers Britain: A Record of Economic War" (A. A. Knopf, London and New York, 1930). In this book, which is little more than a thinly-disguised paean of triumph over the creation of huge American-controlled (or in reality German-Jew controlled) international combines to the detriment of Britain, Mr. Ludwell Denny tells the whole story. His book is worth the closest study of all who desire to see civilisation freed from its present domination.

Mr. Denny has embodied an enormous mass of information in his book and his authorities are fully quoted throughout. However, the reader who makes use of the voluminous index in it to trace the activities of the Warburg group and the concerns linked with it, should note that no indication whatever is given of the importance of this group; that only occasional reference is made to the doings of concerns allied with it; and, furthermore, that unobtrusive as is such reference in the text it is still more so in the index, for it is noticeable that although Kuhn, Loeb and Company are mentioned in the text no entry appears in the index, and the same is true of the important International Acceptance Bank. The frequent reference to the "Harriman interests" is merely to the Warburg interests under another and less suggestive name, and the Pujo Commission report shows that the activities of the National City Bank of New York, of which Mr. Denny's book is full, have been closely associated with the Warburg group.

In the United States during the boom period the financiers were busy effecting great company mergers. Mr. Denny records more than 1,000 public utility company mergers in the United States since 1926. In the period 1927-29 there were fifty bank mergers in New York alone "creating ever larger concentration of capital for domestic and foreign use," and our author mentioned that the National City Bank has 98 branches in 26 foreign countries. From 1925 to 1928 American loans to foreign countries averaged 1,100 million dollars annually. Seventeen American corporations operating in foreign countries floated bond and stock issues in 1928 totalling 147 million dollars.

As to what the financiers were doing with the American public's money once they had got hold of it, Mr. Denny supplies innumerable instances, of which the following may be taken as illustrating the designs of those who beat up the "orgy of speculation" and next decreed the slump.

In 1929 General Motors bought a controlling interest in Opel Motors of Germany.

By March, 1929, American General Electric had bought 60 per cent. of the stock of British General Electric.

Early in 1929 the leading electrical manufacturing concerns in Britain: British Thompson Houston, Metropolitan Vickers, Edison Swan and Ferguson Pailin were fused into the Associated Electrical Industries in which the principal shareholder was American General Electric.

In 1928 the Electric Bond and Share Subsidiary of the American General Electric more than doubled its investments, from 108 to 285 million dollars. Through this and other concerns General Electric is stated to control 52 per cent. of the United States power production. Abroad the Bond and Share concern controls the public utilities of 11 foreign countries and has large holdings in six other countries.

In Italy American General Electric is said to have large holdings in Italian Super-Power "which is making that country independent of British coal" (and thus incidentally increasing British unemployment). It helped to organise the French manufacturing combine, the Societe Generale Construction Electriques et Mecaniques.

It has huge contracts for equipment and technical assistance in Russia. In 1929 it increased its holding in the German electrical manufacturing trust, the A.E.G., to one-third, and made an agreement with it for co-operation in every country in Europe.

The American General Electric further interlocks with the Radio Corporation of America, in its turn a huge trust, with world-wide domination over wireless, the greatest means of mass communication in the world. Further, the British Marconi Company is now tied up with the Radio Corporation.

In April, 1929, American General Electric and the International Telephone and Telegraph Company were consolidated. According to Mr. Denny, the I.T.T. was founded by Sosthenes Behn in 1920 with a capital of six million dollars. By 1928 its gross earnings were 81 million dollars. We are told that it "has done more in nine years to break the British world communications monopoly than all other companies and governments combined in the century of electrical communication."

American banks and the American General Electric in 1928 took substantial part in the organisation of the Trust Financiere de Transport et d'Enterprises Industrielles, an international combine got together by Mr. Dannie Heinemann, an American living in Belgium, in association with the mysterious Alfred Lowenstein who disappeared from an airplane in the English Channel soon afterwards. In this are stated to be the following participators:—American: Guaranty Bankers' Trust; Dillon, Read; Kuhn, Loeb; Lee, Higginson; International Acceptance Bank. British: Barings; Rothchilds; Midland. German: The four big "D" banks. And Belgian, Swiss, Dutch and French houses. The Trust Financiere is set up to control and operate public utility companies all over the world.

In 1929 the American Power and Light Corporation bought up the entire common stock of the Greater London Counties Trust, controlling the seven chief power companies of Britain, supplying power on a monopoly basis to 95 cities in England and Scotland. It also controls the Edmundson Electrical Corporation owning twelve electric supply companies in Britain. A British Government inquiry was made into this American ownership of the motive power of British industry, but lamely reported that the ownership was unimportant.

The late Lord Birkenhead obliged the American owners by becoming the ornamental British chairman of the concern.

An American engineering firm has obtained the contract for the Lake Tsana dam in Abyssinia, controlling the Nile waters on which Britain depends for her "plan to escape from the American cotton monopoly."

Based on American loans and investments, there is now some form of United States fiscal, political, or military control in 14 of the 20 Latin-American republics. In Argentina Britain, according to Mr. Denny, had made more head in foreign trade since the war than in any other country. This was largely due to the pro-British Irigoyen Government. Since Mr. Denny wrote his book this government has been ousted in a revolution consequent on the economic depression originating in New York.

An American commission is outlining the economic reorganisation of China, which Mr. Denny tells us wants 600 million dollars of railway and other loans from the United States.

We are further told: "American bankers have underwritten with State Department approval such dictators as Machado in Cuba, Leguia in Peru, Pilsudski in Poland, Horthy in Hungary, Mussolini in Italy, and Borno in Haiti. Only when dictators have failed to reach satisfactory agreements with American capital, as in the case of Rumania, the State Department has not been friendly to such loans."

Mr. Denny states that although America had refused Britain similar terms, Mussolini was given a cancellation of a large part of Italy's debt to America, and New York loans to the extent of 450 million dollars have been made to Italy guaranteed by the best of her industries.

Under the heading "Grabbing Raw Materials," Mr. Denny tells of the amalgamation in 1928 of the British Mond Nickel Company and the International Nickel Company of New Jersey, with control in America according to the "New York Times." The Mond Company is, as is well known, a Jewish concern.

In copper America, it is stated, controls 46 per cent. of the world's total, and in 1928 it was reported that the Anaconda-Harriman interests had acquired Silesian mines with another 10 per cent. of the world's production,

while at the end of that year it was reported that American producers had joined the European cartel controlling 96 per cent. of the world's production.

Although Britain has smelting control of 70 per cent. or so of the world's tin output, yet in June, 1929, the British-American Tin Corporation was organised and was said to represent more than 80 per cent. of the British controlled tin production.

Long detailed accounts are given of recent American and British rivalries for rubber and oil, and incidentally it is made apparent that America will probably take over control of the Republic of Liberia on account of its rubber. According to Mr. Denny the Arcos raid on the Soviet officials in London in 1927 was merely an incident in the oil fight and was designed to benefit Shell Oil as against Standard Oil. The international danger point in oil will be reached, Mr. Denny predicts, when American car-owners face higher prices as American supplies are exhausted, and are told that the rise in price is due to British grabbing. On both sides, however, the oil financial activity would appear to have strong Jewish associations.

In industrial chemicals, controlling supplies essential to nearly all industries, are three great combines. In Britain the Mond Imperial Chemical Industries, formed in 1926; in Germany the great I.G. Chemical trust that grew out of the aniline dye combine built up on a British invention; and the American I.G. Corporation organised in 1929 and being an alliance with the German combine. The directors of the latter include Mr. Edsel Ford, president of the Ford Motor Company; Mr. Walter Teagle, president of the Standard Oil Company; Mr. Charles Mitchell, chairman of the National City Bank of New York; and Mr. Paul Warburg, chairman of the International Acceptance Bank.

The Mond Imperial Chemical Industries on its side has strong American Money Trust connections, as is shown by noting the names of its associated companies. Beginning with a capital of £65,000,000, later increased to £95,000,000, the I.C.I. included among its directors the late Lord Birkenhead and Lord Reading. According to Mr. Denny, I.C.I. has acquired substantial minority holdings in the American Allied Chemical and Dye, General Motors and E. I. du Pont Nemours, the American powder manufacturing company, which is the

controlling stockholder in General Motors. These concerns are stated to have close associations with J. P. Morgan and Company and the United States Steel Corporation.

In 1928 the I.C.I. and the Chase National Bank of New York formed the Finance Corporation of Great Britain and America, each holding equal shares. On the committee of this concern are stated to be representatives of General Motors, American International Corporation, American Car and Foundry, American Locomotive, International Paper, American Railway Express, Metropolitan Life Insurance, and Bethlehem Steel. The above list should be compared with the list of concerns controlled by the American Money Trust in 1913. The British directors included the late Lord Melchett (Sir Alfred Mond) and Lord Reading (Sir Rufus Isaacs).

German I.G. is stated to own a large block of shares in the German Ford Company. According to Mr. Denny there is world-wide competition between the Mond-New York Group and the Warburg-German group, such competition extending into chemical, fertiliser, automobile, rubber, aviation, and other industries. He further says the Mond group is trying to revive world-war hatreds to prejudice the American public against the German-American group.

In the light of the Pujo Report's revelations as to the association of the companies in both groups in the Money Ring under the Federal Reserve System, it is difficult to believe in the idea of fierce competition between these groups.

In 1928 when the National City Bank organised United Aircraft and Transport, Standard Oil, Ford, and their allegedly deadly enemy, General Motors, were all represented on the board. Other huge air combines, we are told, were formed during the boom, and there has been American penetration of British Imperial Airways by the purchase of stock in the Handley-Page Company, which has part interest in this British Government controlled concern. The National City Bank has also been active in forming in 1929 the International Zeppelin Transport Corporation for a transatlantic service.

After reminding us that in the winter of 1928-29 slackness in shipbuilding accounted for 32 per cent. of Britain's unemployed, Mr. Denny points out that

German's mercantile marine has been brought up to 80 per cent. of its pre-war strength by the building of new tonnage. This building has been financed mainly by the "Harriman interests," which seems to be just another name for the Warburg group. America, we are told, has now on a conservative estimate a three-quarter interest in the North German Lloyd line, and another big first mortgage on the Hamburg-America line. Britain, on her side, is left with the old out-of-date pre-war German ships on her hands while Germany can offer travel in new modern liners built with American money.

Such is the picture Mr. Denny gives of the directions in which went the money taken from the American public by the financiers during the "stock exchange orgy." The American financial penetration of Britain has not been followed by any conspicuous benefits to British industry so far. According to Mr. Denny, it is not intended that it shall be. Britain is doomed, is the burden of his song, and "if Britain is foolish enough to fight she will go down more quickly, that is all."

With the pitiful plight of Britain Mr. Denny contrasts that of Germany: "The net result of the war and the peace settlement imposed by the victors to ruin Germany has been to give her new life and a future potentially the brightest in Europe. The war 'victory' has rid Germany of an archaic, oppressive, and inefficient political system. It has relieved her of an armament burden such as is now breaking Britain's back."

Further, it is pointed out that the German financial deflation wiped out the capital liabilities on German industry, and that "out of the ruins has risen a modernised industrial organisation better than any in Europe, and incomparably better than Britain's." To what extent this achievement has been directed from New York the reader can judge from the extracts from Mr. Denny's book quoted above.

Alarm has been expressed both by the American National Association of Manufacturers and the American Federation of Labour at the huge diversion of American money into foreign channels during recent years. Both these organisations doubtless look at things from the purely national point of view, whereas the financiers who dominate American industry appear mainly international in their interests and outlook. Whether their operations have been an unmixed blessing to the

American people is open to doubt. "The general trend in this country," says Mr. Denny, "has been for large corporations to grow richer, and for small factories to grow poorer and go bankrupt."

The American worker, we are also told, has shown more willingness to transform himself in to a "human machine" than has the more class-conscious British worker. "Perhaps the best proof of the near-perfection of the spirit of American labour for the purposes of an unrestricted capitalist system is its submission to legal injunctions and physical violence without effective protest. The anti-labour injunction flourishes in all parts of this country. There is terrorism and murder by sheriffs and company police, especially in the coal and iron and in the textile industries, and constant violation by officials and employers of the workers' constitutional civil liberties."

Finally it is asserted that half the members of the Coolidge Cabinet were the representatives of big business, as are two-thirds of the members of the Hoover Cabinet.

Such is a recent picture of what world domination by German-Jew finance in New York is meaning. "No one," says Mr. Denny (who says nothing of Jews in his book), "can say the fight is clean." And in another passage we read: "To many this transformation of the world into a cheaper imitation of all that is crude and little that is good in American civilisation seems a frightful thing."

In other parts of this book we have read statements by those who fought the establishment of the Federal Reserve Board that the desire of the Money Ring is for alternate periods of high and low prices. For high prices they sell stocks and bonds to the public, and for the low prices they create by gold manipulation they buy back these stocks and bonds for a fraction of what was given for them, and in this way goes on a continual out-reaching over human life and industry by the money power.

It is to be noticed that Mr. Denny expresses the opinion that war between America and Britain is more probable than between America and any other power. He instances particularly the struggle for oil between the British (Shell) and American interests. Feeling was also engendered by the American buying up of British

General Electric and the British fight to block this. Another point at which an international explosion is listed by Mr. Denny as possible is Panama. There the "Panama Corporation, a British syndicate promoted by the Earl of Cavan and Lord Melchett (Mond) obtained from the Panama Government a ten-year gold concession." Charges have since been filed with the United States Department asserting that there is no gold in the area, that the British Government by the concession has obtained important naval bases, that there is a British right to police the territory near the canal, and exclusive rights to potential Panama rubber desired by America to block the British world monopoly.

Of the heads of the Shell and British General Electric concerns Mr. Denny says: "It is interesting to note that the two most extreme leaders of the 100 per cent. British movement against American capital, Sir Hugo Hirst and Sir Henri Deterding, are not men of British origin. Sir Henri, who is the British general in the oil war, is a Hollander by birth, Sir Hugo, at the height of the General Electric controversy, was denounced by a Labourite in Parliament as a super-patriot of German origin.'"

The passages quoted in this chapter sufficiently expose the nature of the forces that might produce an armed conflict between Britain and America. In the opinion of many, Jewish financiers precipitated the South African war of thirty years ago, and in the opinion of some the Great War also. And history is said to repeat itself.

CHAPTER XI.

HENRY FORD RETRACTS.

Of very great significance and importance in any review of the present world-control by high finance is the story of Mr. Henry Ford's seven-year campaign against various undesirable influences declared by him to be Jewish in origin. This ended in the middle of 1927 with an abject apology by Mr. Ford as part of the terms of settlement out of court of a million dollar libel action brought against him.

As is well known Mr. Ford in 1916 embarked on his famous "Peace Ship," in which he sailed with a party of peace missionaries on a voyage to Europe. The ship proceeded to Stockholm, Mr. Ford himself leaving her at Christiania. Up to this date Mr. Ford seems to have blamed the German militarists for the war, but during his tour abroad he was given information which led to the conviction that German-Jewish international financiers were responsible for the disaster of the Great War and the millions of lives sacrificed in it.

In 1920 Mr. Ford began in his newspaper, the "Dearborn Independent," the publication of articles criticising German-Jew financiers for their part in the war, and for their activities in many other directions deemed by him to be injurious. As Mr. Ford subsequently disclaimed knowledge or approval of the articles in the "Dearborn Independent," perhaps it would be more accurate to say the articles dealt with such activities as were deemed by the directors of the paper to be injurious.

These articles appear to have covered a wide field. The writer has not had access to a file of the "Dearborn Independent," and his knowledge of the articles is derived from excerpts published in other journals from time to time. Among other things the Ford journal dwelt particularly on the Jewish control of the motion picture industry, on Jewish control of the American magazines, and the great predominance of Jew magazine writers, on Jewish control of the stage. In Chapter VI has been quoted a lengthy extract from the London "National Review" of a passage from a "Dearborn Independent"

article on the German central banking system and the connection of the Warburg brothers therewith.

Mr. Ford was far from being alone in attaching a sinister significance to Jewish activity. At the date at which his campaign was begun there was widespread concern at the fact that the leaders of the Bolshevik revolution in Russia were mainly Jews. Many newspaper articles and various books were appearing in which the matter was dealt with at length.

In the middle of 1920 the London "Morning Post," for example, published a series of articles in which it was asserted that Jewish revolutionary activity constituted a world peril. These articles were later republished in book form ("The Cause of World Unrest," Grant Richards, London, 1920). In this book the belief was expressed that a great conspiracy existed the purpose of which was the destruction of the British Empire. The "Morning Post," as is well known, is a highly Conservative journal much read by Britain's aristocracy.

In reviewing this book the London "Spectator" in its issue of October 16, 1920, said it was of opinion that a case for full enquiry had been fully established by the "Morning Post," and it hoped that some body in the nature of a Royal Commission might be set up to investigate the whole matter. The "Spectator" even went so far as to suggest that Lord Sumner, one of the law lords, would make an admirable chairman for such a commission. As to the terms of reference the "Spectator" suggested that the Commission should be called upon to report:

- (1) Whether a world-wide conspiracy exists, or has existed, in recent years.
- (2) Whether, if its existence is proved, its objects are merely vaguely subversive and, however mistaken, inspired by the general desire to free and benefit mankind, or whether they are destructive, anti-democratical and tyrannical.
- (3) Whether it is true, as alleged, that the leaders of this world-wide conspiracy are as a rule Jews.
- (4) Whether the object of those Jews who join the conspiracy is the destruction of the Christian religion as well as political revolution.

- (5) Whether the mass of the Jews—i.e., those who maintain their racial and religious exclusiveness—sympathise with and protect the Jewish conspirators, and do so not so much because they agree with them as because they are Jews.

The "Spectator" pointed out that it was an undoubted fact that most of the revolutions in Continental Europe in the nineteenth century had been led by Jews, and it is, of course, well known that Karl Marx, the socialist preacher of the war of the proletariat, and his backer Engels were both German-Jews.

In its article this influential British periodical declared that the way to fight conspiracy was not by counter-conspiracy, but by turning the searchlight of publicity on to the doings of the conspirators. What happened? The "Spectator" carried on its campaign of publicity for a while, but within a year or two its control passed into other hands, and so far as the writer can discover it thereafter lost interest in the subject. The "Morning Post" also changed hands, and since seems to have paid no attention to alleged Jewish conspiracies against the British Empire.

One journal alone, the London "National Review," has pegged away unceasingly at the present domination in high finance. Some time ago its editor and proprietor, Mr. Leo J. Maxse, announced that special steps had been taken in the incorporation of the proprietary to ensure continuity of policy.

During the war Mr. J. Foster Fraser had published a volume, "The Conquering Jew" (1915), merely emphasising the great importance of the Jews despite their small numbers. In 1917 Mr. Arnold White wrote "The Hidden Hand." That there was a hidden hand directing affairs Mr. White had no doubt, and of its nature he said:

"Two theories exist as to the identity of the Hidden Hand. The highest authority, Dr. Ellis Powell, editor of the "Financial News," to whom I dedicate this book, favours the belief founded on evidence that the Hidden Hand today belongs to an individual of supreme ability, working through astute agents, to many of whom his identity is unknown. The other theory is that the Hidden Hand is adroitly directed by various agents of the German Government."

In 1920 there was also published by Messrs. Eyre and Spottiswoode a reprint of a remarkable pamphlet issued in Russia in 1905 containing the alleged "Protocols of the Learned Elders of Zion." With this extraordinary document we shall deal in the next chapter.

In 1921 appeared Mrs. Nesta Webster's "World Revolution: The Plot Against Civilisation," a book which Mrs. Webster followed up with her "Secret Societies and Subversive Movements," published in 1924.

The next year saw the publication of Mr. Hilaire Belloc's book, "The Jews." In this book Mr. Belloc declared that the South African war 'was openly and undeniably provoked and promoted by Jewish interests in South Africa.' Of the Panama scandal in France in the nineties in which millions put up by the French public to build the Panama canal disappeared in bribery and corruption, and of the Marconi scandal in Britain ten years later in which British Cabinet Ministers were found to have been dabbling in Marconi Company shares prior to an increase in their value by a Government contract, Mr. Belloc said:

"They might have passed as isolated things a generation before. They were now connected, often unjustly, with an uneasy sense of a general financial conspiracy. They were at any rate connected with an atmosphere distinctly Jewish."

Of the ever-growing fields in which the Jews held a monopoly, Mr. Belloc wrote:

"It is an exceedingly dangerous point in the present situation. I do not think that the Jews have a sufficient appreciation of the risks they are running by its development. There is already something like a Jewish monopoly in high finance. There is a growing tendency to Jewish monopoly over the stage, for instance, the fruit trade in London, and to a great extent the tobacco trade. There is the same element of Jewish monopoly in the silver trade, and in the control of various other metals, notably lead, nickel, quicksilver. What is most disquieting of all, this tendency to monopoly is spreading like a disease. One province after another falls under it, and it acts as a most powerful irritant. It will perhaps prove the immediate cause of that explosion against the Jews which we all dread, and which the best of us, I hope, are trying to avert."

“It applies, of course, to a tiny fraction of the Jewish race as a whole. One could put the Jews who control lead, nickel, mercury and the rest into one small room: nor would that room contain very pleasant specimens of their race. You could get the great Jewish bankers who control international finance round one large dinner table, and I know dinner tables which have seen nearly all of them at one time or another.”

In another striking passage Mr. Belloc wrote:

“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 who were completely indifferent as to whether we or the enemy should emerge alive from the struggle.”

Throughout the war there had been a widespread belief that mysterious subterranean influences had somehow militated against Britain putting forth her full effort in the struggle. This belief in a “hidden hand” had been fanned up as a result of the extraordinary allegations made in course of the libel action which Miss Maud Allan, the dancer, had brought in 1918 against Mr. Pemberton Billing, M.P. Mr. Billing in his paper, the “Vigilant,” had alleged that Germany had carried on a systematic campaign of blackmail of influential persons in Britain, and two witnesses during the libel action swore that they had seen a copy of what was called “The Black Book,” an alleged German Secret Service document in which were set out detailed instructions how to entice people into conduct facilitating blackmail. In another section of this book was said to be a long list of prominent British persons, including numbers in the front rank in public affairs, who were listed as approachable, and against each name was a biographical note and suggestions as to possible methods of getting at each individual. The basis of the action was an allegation that the performance of “Salome” (financed by a German-Jew) would attract influential, but morbid, persons suitable for Black Book operations. The book itself could not be produced, but one witness swore that it had been shown to him by Prince William of Wied in Albania, from whose cabinet he subsequently abstracted it. No evidence was adduced that anyone had been so

approached or had yielded to pressure of such a nature, and this despite the fact that the names of eminent persons alleged to be listed in the book were screamed across the Court in this disorderly trial. The wide publicity of these proceedings greatly heightened the fever of suspicion existing at the time, and which later centred on the Jewish influences in the Bolshevik revolution on these becoming recognised

Many books and much periodical literature appeared about this date on the menace of the money power, without as a rule identifying that power as predominantly Jewish. In the flood of post-war memoirs there were not a few references to the Jewish question by distinguished persons. Mr. H. Wickham Steed, editor of the London "Times" under the Northcliffe regime and for many years correspondent of the "Times" in various foreign capitals, published two volumes entitled "Through Thirty Years" (Heinemann, 1924). Mr. Steed's narrative dealt mainly with the course of European affairs. In his concluding chapter he ranked international Jewry as the most potent force in the world today, declaring that "those who hold that Jewry is always guided by material considerations are apt to be woefully wrong." Mr. Steed also remarked that he had been puzzled why it was that the Jews who are worse treated in Germany than in Austria, France and Britain should have become more and more pan-German,

The foregoing excerpts are sufficient to show that the campaign conducted in the Ford newspaper with such vigour was but an American expression of views widely shared in numerous influential quarters in Britain. With the details of the allegations made in the "Dearborn Independent" the writer is not familiar. The attack was wide in its scope and specific in its charges, and it ended in July, 1927, by apology and retraction as part of the terms of settlement of a million dollar libel action brought by Mr. Aaron Sapiro on account of criticism of a Jewish co-operative organisation.

In his books Mr. Ford has written strongly against banker-controlled industry. For example, in "My Life and Work" (1922), Mr. Ford says:

"Bankers play far too great a part in the conduct of industry. Most business men will privately admit that fact. They will seldom publicly admit it because they are afraid of their bankers. It requires less skill to make a fortune dealing in money than dealing in production.

The average successful banker is by no means so intelligent and resourceful a man as is the average successful business man. Yet the banker through his control of credit practically controls the average business man. There has been a great reaching out by bankers in the last fifteen or twenty years—and especially since the war—and the Federal Reserve System for a time put into their hands an almost limitless supply of credit.”

In the chapter from which the above is taken—headed “Money: Master or Servant”—Mr. Ford tells how during the slump of 1920-21 his company was pressed for cash and how “an officer of a New York bank called on me with a financial plan which included a large loan, and in which was also an arrangement by which a representative of the bankers would act as treasurer and take charge of the finances of the company.”

Of the energetic and successful steps which he took to escape this bank domination Mr. Ford tells in detail—how he turned everything possible into cash and in three months produced a third more than was needed to meet the then heavy indebtedness of the company.

In May, 1927, the Ford Company went out of production to change over the plant from the old model Ford to the present model. This operation took double the time that was expected, and was not completed until December of that year. It was during this period that Mr. Ford settled the million dollar Sapiro libel action by apology. In that apology, as printed in the “Literary Digest” at the time, Mr. Ford referred to the “Dearborn Independent” and said:

“I am deeply mortified that this journal, which is intended to be constructive, not destructive, has been made the medium for resurrecting exploded fictions, for giving currency to the so-called Protocols of the Wise Men of Zion which have been demonstrated, as I learn, to be gross forgeries; and for contending that the Jews have been engaged in a conspiracy to control the capital and industries of the world; besides laying at their door many offences against decency, public order, and good morals.

“Had I appreciated even the general nature, to say nothing of the details, of these utterances, I would have forbidden their circulation without a moment's hesitation.”

According to the "Literary Digest" Mr. Ford's retraction proceeded with an explanation that "the multitude of his activities made it impossible for him to keep informed as to the contents of the 'Dearborn Independent' and the pamphlets entitled 'The International Jew.'"

The "New York World Almanack" for 1930 has an entry in its chronology of the year recording how Mr. Henry Ford attended a Jewish gathering and delivered a eulogy of the Jewish race which by special arrangement was broadcasted all over the United States. In our chapter "The German Side of the Story" we have quoted a long extract showing what the Ford newspaper was saying of the Warburg group in November, 1924. In the chapter immediately preceding this we have noted how Mr. Ludwell Denny in "America Conquers Britain" has recorded that Mr. Edsel Ford and Mr. Paul Warburg in 1929 became co-directors of the American I.G. Corporation, a huge combine co-operating with the German chemical trust, of which trust the Ford Company of Germany is stated by Mr. Denny to have become a subsidiary.

Mr. Ford's retraction apparently extends only to the matter published in the "Dearborn Independent," matter which had only appeared in consequence of his other activities not permitting him time to keep in touch with what those directing his paper were inserting in it. That was the ground of the Ford apology. It is not a ground that can be applied to personal statements made by Mr. Ford himself. It cannot apply to the statement which Captain Cazalet, M.P., in the "National Review" for December, 1926, reports Mr. Ford as having made to him at Detroit at the end of October in that year, and recorded by Captain Cazalet as follows:

"Like other remarkable men Ford has one bugbear, i.e., international Jewish financiers. We asked him who they were. He said: 'I have several books which will tell you who they are. They were responsible for the last war, and will in the future always be capable of creating a war when they feel their pockets need one.'"

In its issue of October 18, 1926, the London "Times" quoted from the "New York American" a passage from an interview with Mr. Ford in which he attacked international financiers in very similar language.

Nor can the retraction of 1927 be applied to what Mr. Ford says of certain Jewish influences in his book "My Life and Work," published in 1922. If there has been a withdrawal of this passage we have failed to discover it although we have searched in reliable quarters for all references to Mr. Ford and the Jews. It is true that on the title page under the announcement that the book is "by Henry Ford" is in smaller type the addition "in collaboration with Samuel Crowther," but it is reasonable to assume that even the busiest of mankind would keep himself in touch with the contents of a book broadcasted to the world as his autobiography, even though a third party may have been employed in its literary presentation. It is thus unlikely that Mr. Ford should not have been aware of the following taken from pages 250-53 of the second Australian edition of his book:

"The work which we describe as Studies in the Jewish Question, and which is variously described by antagonists as 'the Jewish campaign,' 'the attack on the Jews,' 'the anti-Semitic pogrom,' and so forth, needs no explanation to those who have followed it. Its motive and purposes must be judged by the work itself. It is offered as a contribution to a question which deeply affects this country, a question which is racial at its source, and which concerns influences and ideals rather than persons. Our statements must be judged by candid readers who are intelligent enough to lay our words alongside life as they are able to observe it. If our word and their observation agree, the case is made. It is perfectly silly to begin to damn us before it has been shown that our statements are baseless or reckless. The first item to be considered is the truth of what we have set forth. And that is precisely the item which our critics choose to evade.

"Readers of our articles will see at once that we are not actuated by any kind of prejudice, except it may be a prejudice in favour of the principles which have made our civilisation. There have been observed in this country certain streams of influence which have been causing a marked deterioration in our literature, amusements, and social conduct; business was departing from its old-time soundness; a general letting down of standards was felt everywhere. It was not the robust coarseness of the white man, the rude indelicacy of

Shakespeare's characters, but a nasty Orientalism which has insidiously affected every channel of expression—and to such an extent that it was time to challenge it. The fact that these influences are all traceable to one racial source is a fact to be reckoned with, not by us only, but by the intelligent people of the race in question. It is entirely creditable to them that steps have been taken to remove their protection from the more flagrant violators of American hospitality, but there is still room to discard out-worn ideas of racial superiority maintained by economic or intellectually subversive warfare upon Christian society.

“Our work does not pretend to say the last word on the Jew in America. It says only the word which describes his present impress on the country. When that impress is changed the report of it can be changed. For the present, then, the question is wholly in the Jews' hands. If they are as wise as they claim to be, they will labour to make the Jews American, instead of labouring to make America Jewish. The genius of the United States of America is Christian in the broadest sense, and its destiny is to remain Christian. This carries no sectarian meaning with it, but relates to a basic principle which differs from other principles in that it provides for liberty and morality, and pledges society to a code of relations based on fundamental Christian conceptions of human rights and duties.

“As for prejudice or hatred against persons, that is neither American nor Christian. Our opposition is only to ideas, false ideas, which are sapping the moral stamina of the people. These ideas proceed from easily identifiable sources, they are promulgated by easily discoverable methods; and they are controlled by mere exposure. We have simply used the method of exposure. When people learn to identify the source and nature of the influence swirling around them, it is sufficient. Let the American people once understand that it is not natural degeneracy, but calculated subversion that afflicts us, and they are safe. The explanation is the cure.

“This work is taken up without personal motives. When it reached a stage where we believed the American people could grasp the key, we let it rest for a time. Our enemies say that we began it for revenge and that we laid it down in fear. Time will show that our critics are

merely dealing in evasion because they dare not tackle the main question. Time will also show that we are better friends to the Jews' best interests than are those who praise them to their faces and criticize them behind their backs."

This Ford campaign has now ceased, and Mr. Ford has declared it mistaken, and its inception a matter of regret. It is none the less an episode of significance.

CHAPTER XII.

THE MYSTERY OF THE PROTOCOLS.

It has been said that every country has the Jews it deserves, and we all know that taken generally the Jewish citizens of the British Empire are distinguished by public spirit and a high standard of commercial integrity and fair dealing.

In some other European countries the Jews have been greatly oppressed. Every student of German history knows that for centuries the people of that country lived under the despotism of a multitude of petty rulers, and in self defence were driven into secret organisation. The Jews in particular were singled out for exceptional treatment.

It is an outstanding trait of human nature that every community of human beings, large or small, tends to become inspired with an ideal of its destiny, and that from such feelings spring the finest actions that adorn the history of the world. Occasionally there occurs a perversion of racial or national ideals, which then become a public danger. We have now reached a point at which it is necessary to consider, unfortunately, whether the atrocious treatment meted out to them in the past has created such a perversion of ideals among a section, or group, of the Jews on the Continent of Europe.

Ten years ago much interest was excited by the publication in London of documents purporting to show that a secret organisation of Jewish character had existed for a long period on the Continent of Europe, and that its object unceasingly pursued from generation to generation was by degrees to enslave and dominate the non-Jewish peoples of the world. According to the documents published the engineers of the movement were wholly indifferent as to the moral character of the means adopted to attain the end.

The publication of this matter led to expressions of strong indignation by leading Jews that reputable journals should print such allegations. The documents were declared to be gross forgeries, long known and exploded on the Continent of Europe and various sources were given as their origin.

The extraordinary thing about these "Protocols of the Learned Elders of Zion," as they are called, is the accuracy with which they are being fulfilled. Their origin may be wrapped in mystery, but of the fulfilment of the programme set out in them there can be no question.

The "Protocols of the Learned Elders of Zion" were published by Messrs. Eyre and Spottiswoode, London, in 1920, and were reviewed at length in the London "Times" of May 8, and the London "Spectator" of May 15.

In its notice of the pamphlet the "Times" explained that it was a reprint of matter published in Russia in 1905 by Professor Sergius Nilus, a minor official in the Russian Foreign Office. In view of the course of world events between 1905 and 1920, the "Times" thought it important to explain that there could be no question of the issue in 1905, as the British Museum Library held a copy of the original Russian pamphlet with the Museum date stamp of August 10, 1906, on it, showing its date of receipt.

According to the explanation given by Professor Nilus in his preface, the matter he published came into his hands in the following manner:

"A manuscript has been handed to me by a personal friend now deceased . . . with the positive assurance that it was a true copy in translation of original documents stolen by a woman from one of the most influential and highly initiated leaders of freemasonry. The theft was accomplished at the close of a secret meeting of the initiated in France, that nest of Jewish Masonic conspiracy."

According to the summary given in the London "Times," the documents set out:

- (1) That there has been for centuries a secret international political organisation of the Jews.
- (2) That the spirit of this organisation is one of undying hatred of the Christian world coupled with a titanic ambition for world domination.
- (3) That the goal relentlessly pursued for centuries is the destruction of the Christian national states, and the substitution for them of an international Jewish dominion.

- (4) That the method adopted for first weakening, then destroying the Christian national states is the infusion of disintegrating political ideas ranging from liberalism to radicalism, radicalism to communism. Out of the welter of world anarchy, in response to the desperate clamour of distraught humanity, the stern, logical, pitiless rule of the "King of the Seed of David" is to arise.
- (5) The political dogmas evolved by Christian Europe, democratic statesmanship and politics, are all equally contemptible to the rulers of Zion. "Political problems are not meant to be understood by ordinary people: they can only be comprehended, as I have said before, by rulers who have been directing affairs for many centuries."
- (6) To this conception of statesmanship the masses are contemptible cattle, and the political leaders of the Gentiles, "upstarts from its midst as rulers, are likewise blind in politics. They are puppets pulled by the hidden hand of the Elders," puppets mostly corrupt, always inefficient, easily coaxed, bullied, or blackmailed into submission, unconsciously furthering the advent of Jewish dominion.
- (7) The Press, the theatre, stock exchange, speculation, science, law itself, in the hands that hold all the gold are so many means of procuring a deliberate confusion and bewilderment of public opinion, a demoralisation of the young, and an encouragement of the vices of the adults, eventually substituting in the minds of the Gentiles, for the idealistic aspirations of Christian culture, the "cash basis," and a mentality of materialistic scepticism, or cynical lust for pleasure.

In the programme for securing world domination as sketched out in the Protocols it was laid down:

"It is indispensable for our plans that wars should not produce any territorial alterations."

It was remarked in the "Times" article that this view seemed curiously re-echoed in the "Peace without annexations" cry after the Great War.

It is remarkable to think of the following passage as appearing in 1905:

"We will create a universal economic crisis by all possible underhand means, and with the help of gold, which is all in our hands. Simultaneously we will throw into the streets huge crowds of working men throughout Europe. We will increase the wages which will not help workmen, as at the same time we will raise the prices of prime necessities. . . .

"It is essential to us at all costs to deprive the aristocracy of their lands. To attain this the best method is to force up rates and taxes. These methods will keep the landed interests at their lowest possible ebb. . . .

"In governing the world the best results are secured by violence and intimidation. . . .

"In politics we must know how to confiscate property without hesitation, if by so doing we can obtain subjection and power. Our State, following the way of peaceful conquest, has the right of substituting for the terrors of war executions less apparent and more expedient, which are necessary to uphold terror, producing blind submission.

"By new laws we will regulate the political life of our subjects as though they were so many parts of a machine. Such laws will gradually restrict all freedom and liberties allowed by the Gentiles.

"It is essential for us to arrange that besides ourselves there should be in all countries nothing but a huge proletariat, so many soldiers and police loyal to our cause.

"In order to demonstrate our enslavement of the Gentile Governments of Europe we will show our power to one of them by means of crime and violence, that is to say, a reign of terror.

"Our programme will induce a third part of the populace to watch the remainder from a pure sense of duty, or from the principle of voluntary service.

"The main problem for our government is how to weaken the brain of the public by criticism, how to make it lose its power of reasoning which creates opposition, and how to distract the public mind by senseless phraseology."

A correspondent writing to the "Times" on May 11,

1920, pointed out that in the original Russian pamphlet there appeared in the preface the following statement by the author, which had been omitted from the English edition.

"It will satisfy our feeling of responsibility if only by the grace of God we have achieved the, to us, so important aim—to forewarn, and yet did not arouse in the heart of any one person a feeling of animosity towards the until now blind Jewish people, the masses of whom, keenly believing though in a lie, are not guilty of the satanic sin of their leaders—the scribes and Pharisees, who have once already ruined Israel."

In 1917 Professor Nilus, at the time of the Bolshevik descent on Russia, produced a second edition of his pamphlet bearing the title "It is Here at Our Doors!" Of the subsequent history of Professor Nilus the writer is unaware.

Apart altogether from any question of their origin, it is a very extraordinary thing that documents setting out such a programme as is outlined in the Protocols should have been published as far back as 1905.

Taking the points seriatim, what do we find?

It is an unquestionable fact that German-Jews have been active in disseminating "disintegrating political ideas." Marx, the founder of modern Socialism, was one such, and many others have been prominent as the leaders of revolutions in Europe.

The Bolshevik Government in Russia has shown an undying hatred of the Christian religion, and the newspapers have lately testified to governmental efforts there to suppress all celebration of the Christian festival of Christmas. [While this chapter is in the printer's hands a news message in the daily papers has recorded the publication in Germany of a derogatory life of Christ by a German-Jew.]

In the Panama and Marconi scandals in France and England the world was provided with instances of the activities of Jewish agents. In the United States the memoirs of a late British Ambassador testify to the formidable power the German-Jews have exerted on Congress. We have seen how the representatives of the people were cajoled into accepting the Federal Reserve System by representations that it would ensure industrial stability, whereas it has not been used for any such

purpose. Any number of examples can also be found of politicians "unconsciously furthering" the advent of this financial dominion.

The Press in Britain and America is largely under Jewish domination, as are the stage, the movies, and the stock exchange. Much matter demoralising to the young is, without question, unnecessarily imported into moving picture dramas.

We have seen how the present "universal economic crisis" has been created by "underhand means" and "with the help of gold."

The landed interest everywhere has been much weakened by the economic conditions which have existed in recent years. It is impossible for the Money Power to enslave people living on the land under free conditions. Farmers to be caught in the toils must be bound up in the chains of mortgage debt and credit systems. We have seen what farmers of America think of the Federal Reserve Board.

In Mr. Ludwell Denny's book the passage quoted in an earlier chapter records how big business in the United States makes use of violence and intimidation to rule its employees, and it cannot be said that the German-Jewish trust control has shown any averseness to these methods, even though it may not have originated them.

Although heralded as the rule of the proletariat, there has been nothing of a democratic nature in Bolshevik rule in Russia. "Freedom and liberties allowed by the Gentiles" appear to be conspicuously absent, and the "political life of our subjects" does undoubtedly appear to be "regulated as though they were so many parts of a machine." The papers of late have recorded the horrors of the Russian timber camps in which hundreds of thousands of persons are stated to be herded in virtual slavery and starvation. By this means are the present rulers of Russia building up a timber export trade.

The requirements of the Protocols that "besides ourselves, there should be in all countries nothing but a huge proletariat" is being steadily achieved by a succession of economic crises in each of which additional classes of small capitalists are destroyed and thrown into the proletariat, while those that survive are drawn more

and more into the toils of the Money Power, becoming merely its creatures and totally under subjection.

In the Russian Revolution Jewish leaders did assuredly provide Europe with a demonstration of their power by means of "crime and violence, that is to say, a reign of terror."

As for the requirement that the public mind should be distracted by "senseless phraseology," is there any subject on which more senseless phraseology is written than the subject of money and the gold standard in particular? Did not the people of the United States lose their power of reasoning when in face of the Pujo Report they immediately handed over control of the money of their country to the very men who had been denounced as constituting the Money Trust?

We have thus reached the position (1) that the London "Times" has certified that the British Museum records provide indubitable evidence that the Protocols were published in 1905; (2) that events set out in the Protocols as part of a future programme have transpired; (3) that Jews have been prominently associated with these events; and (4) that the Protocols supply a perfect explanation of phenomena, so that what otherwise seems a haphazard jumble of unrelated occurrences is found to fit together like the pieces of a jig-saw puzzle, each revealing itself as part of an ordered plan.

Uncanny as it is to find this fulfilment of the Protocols, we must not jump to conclusions. Because some person says that a certain thing will come to pass, or even urges that steps be taken to cause it to come to pass, it is no proof on the event transpiring that the prophet or advocate was necessarily the agent who brought it to pass.

A man may tell us that there will be an eclipse of the moon at a certain moment in ten years' time, but on the eclipse occurring we cannot hold him responsible for it. A clairvoyant, or person with a gift of prophecy, may foretell a future event without in any way being its cause.

Before we can assert that German-Jews, or any section of them, are engaged in a conspiracy, we must have actual positive evidence of their participation. In any case a conspiracy to rule the world by owning it would not be an illegal conspiracy. There is really

nothing to stop a small group of men from owning the earth so that the rest of us arriving on this planet are here on sufferance. The whole trend of modern commerce and credit is first to inveigle people into debt, and by a manipulation of money to increase the burden of that debt so that these individuals are stripped of all they possess. In this way a continuous concentration of wealth is taking place, and even though it could be proved that the whole system was designed by German-Jews and was concentrating wealth and ownership in their hands, there would not necessarily be anything unlawful in such combination and action. Many highly respectable Christians are just as active in this.

We have next to recognise that the origin of the Protocols is shrouded in mystery. The statement of Professor Nilus as to how the document came into his possession has been given above. In the second edition of his pamphlet he gave a slightly different explanation. In the first statement the matter was stolen by a woman from an influential Jewish Freemason. In the second statement it appeared the matter was abstracted from a safe. Both statements would be substantially accurate if a woman had taken from a safe a document belonging to an influential Jewish Freemason.

The British Jews' Association thought the publication of sufficient importance to warrant notice by them. In its issue of June 2, 1920, the London "Times" published the text of a lengthy resolution by this association. After pointing out that the author of the pamphlet had received it "through a friend now deceased," and of the variations in his accounts of its original acquisition, it was stated:

"In view of the suspicious character of the statement, and of the further avowal of the author that he is unable to produce evidence of the genuineness of his documents, the committee resolved that it is unnecessary for the Jewish community to take any action."

On June 12, 1920, Mr. Lucien Wolf, the well-known Jewish journalist, and the author of the article on "Anti-Semitism" in the new edition of the Encyclopædia Britannica, contributed a lengthy letter to the "Spectator" pointing out that the bogey of a Jewish secret society was at least three centuries old.

Mr. Wolf declared that after the existence of the Illuminati, a Bavarian Masonic organisation with a

revolutionary plan, had become known at the end of the eighteenth century it was promptly annexed by a succession of scare-mongers and writers of sensational books. After giving a list of these writers, Mr. Wolf declared that the Protocols from an examination of their text were pretty obviously a plagiarism from a novel "Gaeta Duppel Warsaw," published by Hermann Goedsche in 1868, Goedsche being, Mr. Wolf stated, an ex-official of the Prussian postal service dismissed for forgery.

In his novel Goedsche describes, we are told, an assembly of the Elect of Israel held once in every century at which is expounded the plan of Simeon, handed down from from generation to generation, by which the Jews may secure their domination over all the nations of the earth. The Jews are to work with gold and the Press for the subversion of Monarchy and Christianity. They are to act as a universal disturbing and demoralising instrument, and in particular they are to seduce and stir up the proletariat to political revolution, so that eventually they may establish a universal Jewish Monarchy on the ruins of Christian society.

As noted in the chapter on Russia, Mr. Wolf in his letter asserted that the Nilus pamphlet was produced in Russia in 1905 as part of the propaganda against the Jews, who were blamed for the revolution of that year, and was in particular used by the Russian Foreign Minister, Count Lamsdorff, in connection with a secret memorandum which the Tsar submitted to the Kaiser urging joint action by Russia and Germany against Jewish and Masonic peril. Such peril we are assured by Mr. Wolf is a pure myth. Nevertheless we shall look in vain to find on the thrones of Russia and Germany the two illustrious personages who in 1905 put their heads together to combat a supposed Jewish peril.

So far Mr. Wolf. On August 16, 1921, the London "Times" published in a most prominent position, in the outside column of its leader page, a long message from its Constantinople correspondent headed "Jewish World Plot: An Exposure." In this was set out how a mysterious Mr. X had bought a second-hand book, "Dialogue in Hell between Machiavelli and Montesquieu," written by M. Maurice Joly and published in Brussels in 1865. It was a political squib directed against the Emperor Napoleon III. Parallel column

extracts showed many passages almost identical with the Protocols. There was some evidence that this particular copy of the book had been in the possession of the Russian secret police.

The "Times" correspondent incidentally mentioned that Professor Nilus in his second edition of 1917 had stated that he had received the Protocols from Alexis Nicolaevich Sukholin, a noble afterwards Governor of Stavropol. In this edition it was also alleged that the Protocols were notes of a plan submitted by Theodor Hertzl to the first Zionist Congress Council of Elders held at Basle, in Switzerland, in 1897.

It will thus be seen that two totally different sources were supplied with equal satisfaction as being the origin of the Protocols.

An equally feasible explanation would be that the matter in the Protocols and in the two books, the Goedsche novel and the "Dialogues in Hell," had been derived from some common source. It is just as credible that the authors of these books should have come independently upon knowledge of the plan of a conspiracy, and that one should have dressed this matter up in the form of a dialogue to discredit the Emperor Napoleon by representing him as possessing such ideas; that another should have incorporated it in a work of fiction; while the third writer makes a straight-out exposure. This explanation fits the facts just as well as an explanation that the Protocols began merely as a fanciful invention in a novel, and were stolen and dressed up in Russia to injure the Jews. The deadly accuracy of the Protocols puts the fiction-plagiarism theory at a heavy discount. It may be noted that according to correspondence in the "Spectator" a Jewish banker financed the publication of M. Joly's "Dialogue."

The existence of the Society of the Illuminati in Bavaria is a historically established fact, and it is equally well established that in carrying out its programme its motto was in effect "Evil be thou my good." The Illuminati were founded by Adam Weishaupt on May 1, 1776. In 1784 the Elector of Bavaria discovered the existence of this secret society in consequence of one of its emmissaries with incriminating papers on him being struck dead by lightning while on a journey. This led to searches and further discoveries, and the suppression in

Bavaria of the Illuminati and the flight of its leaders elsewhere.

The basic plan of the Illuminati was by means of initiation in many degrees—the initiate on admission to each new degree having a shade more of the real secret disclosed to him—to band a great body of men together for the execution of purposes which were known only to the concealed superiors of the order, quite false information being given to the initiates of lower degree as to the Society's objects.

Weishaupt said: "It is absolutely necessary that I should remain during my life unknown to the greater part of the adepts themselves. When the object is a Universal Revolution, all the members of our Societies, aiming at the same point and aiding each other, must find means of governing invisibly and without any appearance of violent measures, not only the higher and more distinguished class of any particular state, but men of all stations, of all nations, and of every religion; must insinuate the same spirit everywhere in silence, but with the greatest activity possible; direct the scattered inhabitants of the earth towards the same point. That is what we call the force of Secret Societies.

"The empire once established by means of union and with a multitude of adepts, let force succeed the invisible power, tie the hands of those who resist, subdue and stifle wickedness in the germ."

His aim Weishaupt declared to be "to overthrow every religion, every government, and all property whatsoever." On the ruins patriarchal rule was to be erected.

The Marquis de Mirabeau, at the time French Ambassador at Berlin, is stated by various historians to have joined the Illuminati while in Germany. The society was tacked on to Freemasonry by the creation of additional degrees in existing Masonic societies, so that even the very organisations to which the Illuminati belonged were ostensibly set up for some quite different purpose. Mirabeau on his return to Paris helped the Illuminati to gain a footing there, and worked with the Duke of Orleans, Grand Master of the French Freemasons, in his plot for overturning the French throne and getting himself elected first Lieutenant-General and then sovereign of France. As a prelude to the revolution came the diabolically clever plot of the Diamond

Necklace to discredit the King and Queen. Cagliostro, the charlatan mixed up in this is stated by his biographers to have been a member of the Illuminati.

It is further established that the Duke of Orleans was in communication with the mysterious Jacob Falk, then living with the Goldsmids in London, and believed by some to have been the chief of all the Jews. Falk's picture with Masonic emblems appears in the Jewish Encyclopædia.

Of Freemasonry the Jewish Encyclopædia says: "The technical language, symbolism, and rites of Freemasonry are full of Jewish ideas and terms . . . but this may have been derived without any Jewish intermediation, from commentaries on the Old Testament. . . . Jews have been most conspicuous in their connection with Freemasonry in France since the Revolution. One of the branches of the craft, the Supreme Council of the Orient, had Adolphe Cremieux as its S.G.G. (Sovereign Grand Councillor) from 1868 to 1886."

Speaking in the House of Commons on July 14, 1856, Disraeli, himself a Jew, said:

"There is in Italy a power which we seldom see mentioned in this House. . . . I mean the secret societies. . . . It is useless to deny, because it is impossible to conceal, that a great part of Europe—the whole of Italy, France, and a great portion of Germany, to say nothing of other countries—is covered with a network of these secret societies just as the superficies of the earth are now being covered with railroads. And what are their objects? They do not attempt to conceal them. They do not want constitutional government; they do not want ameliorated institutions. They want to change the tenure of land, to drive out the present owners of the soil, and to put an end to ecclesiastical establishments. Some of them may go further."

Said Disraeli also: "The world is governed by very different persons from what is imagined by those who are not behind the scenes."

There is undoubtedly a very old school of political thought based on the principle of Machiavelli that the end justifies the means, and some writers hold that there has been a continuous development for centuries of a body of doctrine for secretly controlling human beings by trading on their frailties, by their fear, by their greed,

by their lusts. The order of the Knight Templars founded for the protection of the Holy Places in Palestine, became corrupted, it is said, through alliance with the Assassins who terrorised the East, and whom the Templars were originally intended to fight. By the beginning of the fourteenth century the Order had become so corrupt that it was suppressed and the Grand Master and many of the knights burnt at the stake by order of the Pope. From some of the Templars who escaped to Scotland is said to have come the Ancient Scottish Rite on which was built up the political Grand Orient Freemasonry of the Continent of Europe. The whole subject, however, is exceedingly obscure, and so far as the writer can gather the available evidence is meagre, and the conclusions reached on one side and the other are based mainly on the conjectures of the various writers as to the probabilities of the case.

In passing, it may be noted that Simeon referred to in Goedsche's novel as the author of the Protocols, was Simeon Ben Yohai, who lived in the second century and was a leader of the Jews in their resistance to Roman rule under the Emperor Hadrian. Simeon is the traditional author of the Zohar, in which is incorporated the most mystical part of the Jewish religion, including the Cabala, teaching of the interpretation of the alleged mystic sense of the words of Scripture. It was from the Zohar that Madame Blavatsky seems really to have derived the inspiration on which the cult of Theosophy is based.

It will be seen that the further one goes into this side of things the deeper grow the waters. There is an immense body of matter on which suspicion may be based, but there is little or nothing susceptible of proof. In his book dealing with the Illuminati, published in 1797, the Abbe Barruel said:

"You thought the revolution ended in France, and the revolution in France was only the first attempt of the Jacobins. In the desires of a terrible and formidable sect you have only reached the first stage of the plans it has formed for that general revolution which is to overthrow all thrones, all altars, annihilate all property, efface all law, and end by dissolving all society."

Coming to more recent date, we have noted a reputable writer, Mr. Walter Russell Batsell, in a book on "Soviet Rule in Russia," published in 1929 by Messrs.

Macmillan, one of the foremost British publishing houses, setting down the following opinion:

"History will be likely to give prominence to plans for the destruction of Russia formulated at the Masonic Congress held at Brussels a few years before the world war. . . ."

Of the significance of the Protocols we have the views of a distinguished Englishman, Lord Sydenham, who has twice filled the office of Governor in important parts of the Empire, and who wrote as follows in a letter to the "Spectator" in 1921:

"Nothing that was written in 1865 can have any bearing on the deadly accuracy of the Protocols, most of which have since been fulfilled to the letter."

No person can be adjudged a party to a conspiracy without definite proof, and however perfect an explanation of world phenomena may be provided by the theory of such a conspiracy, we have no proof whatsoever of any individual being a party to it. Even if one took the view that a great part of the Empire's public men have been conforming to and furthering the programme set out in the Protocols, the same may be said of innumerable private individuals in the conduct of their affairs. Yet the whole of these may well have been entirely unconscious agents with no awareness of the cumulative effect of their actions. What they did may have been merely in conformity to pressure from above. It was made easy for them to act in a certain way, and they acted in that way. It is easy for us to borrow money, and we borrow. If the modern credit system is a trap we have walked readily enough into it.

Even if we assume that there is a prima facie evidence of a world conspiracy it is improbable to the last degree that the leaders of that conspiracy would be persons known and visible to the public. More probable is the view that the visible figures on the stage are the unconscious agents of a hidden hand.

Some readers may consider that it is utterly unwarrantable to publish such a document as the Protocols of the Learned Elders of Zion in the absence of proof of its authenticity.

To that the reply is that the enormous significance of the protocols is their fulfilment. Either that fulfilment is mere coincidence, which is incredible: either the

revelations were a clairvoyant precognition of events which is possible but improbable; or else their fulfilment is the result of action and policy deliberately pursued.

There is no other possibility. And if we reject the incredibility of coincidence, and likewise refuse belief in the diabolical malevolence of a plot, with what alternative are we faced? The only remaining belief for us is that the Protocols were accurate as a clairvoyant or prophetic vision of events, but are inaccurate in their prevision of the motive inspiring those events. And this seems the least credible solution of all.

Any book on philosophy will tell us that absolute truth is unknowable by human beings. Truth, for us, is merely the explanation that most completely fits the known facts. If the Protocols supply an explanation which fits the facts, is it not sheer folly to dismiss them as insignificant? Would not the writer in putting together this book to make his fellow-countrymen aware of the nature of the influences by which they are surrounded—would not he have failed in his full duty if knowing of the Protocols he had suppressed mention of them?

Such a conspiracy, if it exists, would appear to have its origin in Germany, and it would not seem that even there any more than a small section of the Jews need be parties to it.

Our concern is not with Jews as Jews, but with conspirators as conspirators, whether they be Jews, Christians, Mahomedans, or anything else. Our business is to discover the facts and to put ourselves in a position of security. If hatred has sprung from hatred, matters will not be mended by sowing further hatred. Nor will they be mended by closing our eyes and leaving policies conceived in hatred to run to some tremendous cataclysm. Furthermore, we must not forget that prominent in exposing and resisting the monopolistic and dangerous activities to which attention has been directed in these pages have been many public-spirited Jews themselves. If there is conspiracy, the conspirators are as regardless of Jew as of Christian, for in order to gratify their ambition they imperil their race. The frustration of any such design of world enslavement is thus the common interest of Jew and Christian alike.

CHAPTER XIII.

THE POSITION TODAY.

Our review of the causes of the slump in commodity prices is now ended. In the foregoing pages the reader has been given the facts so far as the author is able to discern them. From many sources matter has been brought together giving a composite picture of the course of events. It is now desirable that we should glance back over the path we have come.

We have seen how by enacting that debts can only be legally discharged by the handing over of gold, the leading nations of the world have suffered from periodic strangulations of their trade in consequence of a scarcity of the means of payment. Control of gold, under the gold standard, thus gives control over all other commodities.

We have seen that foremost economists, bankers, and commissions of enquiry, after careful examination of the facts have reached the conclusion that the present world-wide depression, and most of the great commercial crises since the beginning of the nineteenth century, have had their root in variations in the purchasing power of gold.

We have seen how in consequence of the huge accumulation of gold in the United States the policy pursued by the United States Federal Reserve Board now determines the general price level for commodities.

We have seen how, according to independent statements made by a number of responsible persons, the Federal Reserve Board deliberately created the post-war price inflation and boom, and deliberately created the ensuing deflation and slump. Nor is there any secret that the Federal Reserve created the conditions leading to the speculation of 1927 on the New York Stock Exchange, which speculation it next suppressed by ushering in dear money and the present slump.

We have seen how the Federal Reserve Board was created as the result of years of agitation by a German but newly naturalised as an American citizen.

We have seen that this man is the brother of the head of a great German banking-house, and who has been

described as virtually the financial dictator of Germany.

We have seen how this man, who created the Federal Reserve system, said to be predominant in American finance today, has worked strenuously against Britain in the war, and after its close expressed the opinion that whatever other nation might be let off lightly Britain must pay up.

We have seen how the war loan conditions were negotiated which delivered the British people bound hand and foot into the power of these controllers of American finance.

We have seen that the late British Ambassador to Russia records how during the war a German financier was corrupting a Russian Minister, and we have seen how in his memoirs the late editor of the London "Times" states that the creator of the Federal Reserve Board and his now-deceased brother-in-law and business partner were "akin to, if not identical with" the men who put the Bolsheviks into Russia, and we have seen how the Bolshevik revolution was led and by whom it was financed.

We have seen how a partner in this banking house of Hamburg has played an important part in the founding of the Bank of International Settlements which is designed for gold control of the world, and we have noted that this same financier is now chairman of the Financial Committee of the League of Nations.

We have seen how Britain was after the war forced back on to the gold standard as the result of pressure from the United States, and we have the opinions of high authorities that the policy of deflation consequent on this step has been mainly responsible for the terrible depression and unemployment from which Britain has ever since suffered.

We have seen how on Australia finding itself in difficulties consequent on this juggling with the value of money, the Bank of England sent as its emissaries to the Commonwealth gentlemen named Sir Otto Ernst Niemeyer and Professor Theodor Emanuel Gugenheim Gregory.

We have seen how the money taken from the American people during the recent stock exchange boom was used largely to finance German industry.

We have seen how a recent well-informed writer declares that war between Britain and America is more probable than war between America and any other power, and how concerns developing situations described by him as having potentialities of war are either German-Jew controlled or have strong German-Jewish associations.

We have seen how subterfuge and deceit were used to secure the passage of laws making gold the only legal tender for the payment of debts.

We have seen how the Federal Reserve System was put forward as a scheme to prevent financial stringencies, and how the instruction that the board use its powers to this end was struck out surreptitiously from the measure during its passage, and how determinedly the officials and members of the board have since resisted the placing in the law of any such instruction.

We have seen how Mr. Henry Ford conducted a campaign against Jewish influence in various directions deemed by him to be harmful, and how in 1927 as part of the terms of settlement of a libel action he made a retraction and abject apology. And we have further seen how his son, Mr. Edsel Ford, is now a partner and co-director with the creator of the Federal Reserve Board whose doings had formed a prominent part of Mr. Ford's exposure.

Finally, we have seen how in documents published in Russia in 1905, and summarised in the London "Times" in 1920, there was set out an alleged programme for world domination and the ruin and destruction of the Christian religion and the Christian national states. And we have seen how the course of events in the twenty-five years since that programme was published has provided a fulfilment of a great part of it.

* * * *

Are these things real, or are they a mere figment of the imagination, an unbalanced and hysterical placing together of facts that have no relation, a fantastic tracing of connections where there is no connection?

The answer is that the evidence is there and the reader must form his own conclusions on it. No one else can do that for him.

* * * *

If we accept it as a fact that the present gold control

of commerce and industry today is in the hands of men hostile, or at any rate wholly unsympathetic, to the British people and British institutions, what is there that we can do about it?

The first necessity is that there should bite and burn into our consciousness the words of the late Lord Bryce printed at the forefront of this book—words so vital that no excuse is needed for here repeating them:

“Democracy has no more insidious or persistent foe than the money power, to which it may say, as Dante said when he reached on his journey through Hell the dwelling of the God of Riches, ‘Here we found Wealth, the great enemy.’ That enemy is formidable because he works secretly, by persuasion or deceit, rather than by force, and so takes men unawares. He is a danger to good government everewhere.

“The truth seems to be that democracy has only one marked advantage over other governments in defending itself against the submarine warfare which wealth can wage, viz., Publicity and the force of Public Opinion. So long as Ministers can be interrogated in an Assembly, so long as the press is free to call attention to alleged scandals and require explanations from persons suspected of an improper use of money or an improper submission to its influences, so long will the people be at least warned of the dangers that threaten them. If they refuse to take the warning they are already untrue to the duties freedom prescribes.”

* * * *

Under modern conditions it is impossible to conduct a great newspaper without capital, and a considerable amount of capital. Like the rest of us most newspapers are in greater or less degree already in the toils of the money power. Even though entirely independent in their ownership, and free of external financial obligations—which few of them are—they are all dependent on advertising revenue, and any person of ordinary intelligence on studying a daily paper or magazine can perceive the great volume of advertising that is closely linked with high finance. To nothing have the financiers devoted more attention in America and Europe than to control of the press. Here again we have the opinion of that much-travelled and shrewd observer, Lord Bryce, as given in 1921:

"In every country unscrupulous wealth can by artificially 'making opinion' mislead and beguile the people more easily and with less chance of detection than in any other way."

* * * *

If the money power has a strangle-hold on the world today it is because the determination and persistence of the financiers who dominate it has been superior to the moral fibre of the world's nations and their leaders. The people have been misled, and their leaders have been either likewise misled or corrupted.

By guile and deceit, and based on human greed, sloth and stupidity, has the great and far-flung structure of the money power been built until today it controls the whole world.

From the standpoint of Christian morality, from the standpoint of morality embodied in any of the great religions, or in any recognised system of ethics, the power that today bestrides the world is wholly evil. Our conflict with that power is essentially a moral conflict. "The serpent beguiled me, and I did eat," said the mother of mankind on an historic occasion, and that is about all we can say of the mess we are in today.

What other result than that which has accrued could we expect after instructing our youth for the best part of a century in a system of vicious rubbish dubbed political economy in which greed is erected as the governing principle of conduct, in which human labour is treated as a commodity to be bought by capitalists in the cheapest market, and human beings themselves regarded as very little more than wealth-producing machines and chattels? "Moral considerations have nothing to do with political economy," said John Stuart Mill, one of its founders, and no one ever spoke a truer word of this monstrous "science," nor is it possible to have a more complete condemnation of it than is contained in this statement.

What other result than that which has accrued could we possibly expect from the enactment of laws decreeing that the sole legal means of discharging a debt is by the debtor presenting to the creditor a useless metal which he can neither eat, drink, nor wear (except for ostentation), and of which the total quantity in existence is so utterly insufficient for the purpose decreed that the whole

crazy system collapses in a heap every time anything serious happens?

* * * *

If astute financiers are leading us into a slavery of gigantic unpayable debt we are merely reaping the fruits of what we have sown. Usury, condemned by the religion we profess, condemned by all the ancient peoples of the world, we have made the very basis of our civilisation. By enacting laws making gold the sole legal tender we have created an artificial scarcity of the means of payment, and have thus made enslavement in usury the universal lot of mankind. Debt, which like poverty, should be the complaint of occasional victims of misfortune, is now the normal life-long state of all. The usurers today sit at the forefront of the banquet of life and rule our world. Aristotle, living two thousand years ago, very properly ranked them with the keepers of houses of ill-fame. Cato, asked what he thought of usury, replied by asking his questioner what he thought of murder. "Nothing is baser, nothing more cruel, than the usury of this world," said Chrysostom. St. Basil called it "the last pitch of inhumanity," and of the borrower's fate this Christian bishop of sixteen hundred years ago wrote:

"At first a man is bright and joyous; he shines with another's splendour. . . . But the money slips away. Time as it runs on adds the interest to its tale. Now night brings him no rest; no day is joyous; no sun is bright; he is weary of life; he hates the days that are hurrying on to the appointed period; he is afraid of the months for they are the parent of interest. . . . Usury is the origin of lying, the beginning of ingratitude, unfairness, perjury."

Forty years ago during a famous trial in France an eminent advocate, M. St. Audan, spoke as follows in defence of Jean Grave, charged with libel:

"St. Gregory of Nyssa, the immortal thinker of the fourth century, wrote these lines:

" 'He who would give the name of robbery or parricide to the iniquitous invention of interest would not be very far from the truth. What, indeed, does it signify if you have made yourselves masters of the wealth of another by scaling walls or by killing passers-by, or if you have acquired what belongs to you by the merciless method of the loan?'

"If anyone had prophesied to St. Gregory as follows:

"A day will come when that thou treatest as robbery and assassination will become the law of the world, and when an Attorney-General will indict in an assize court writers who share thy opinion. The whole of society will be founded on usury. They will build a temple which they will call a Stock Exchange. This temple will fill the place of thy cathedrals, even as thy cathedrals have filled the place of the temple of Venus or Jupiter. The priests serving in this new temple will be called bankers, stockbrokers and financiers. They will swindle others out of the gold that will ensure to them omnipotence. They will buy everything that is buyable, and some of the things that are not. And vain revolts against their frightful empire will serve only to make more manifest its terrible solidity.'

"If anyone had prophesied that to St. Gregory, St. Gregory, who believed in God, would have joined his hands and cried: 'Lord, deliver us from such a moral malady!'

"The malady has run its course."

* * * *

It should be remembered that strongly as the Old Testament condemns usury, it is yet laid down that a Jew may lend to a Gentile on usury. "Unto a stranger thou mayest lend upon usury," says the twentieth verse of the twenty-third chapter of the Book of Deuteronomy. Upon thus doing unto others as they would not be done by have a section of the Jews of Germany built up their present enormous financial power.

* * * *

Practically all material wealth is perishable. If a man has more wealth than he can use it will go bad on his hands. **Unless he is going to lose it altogether he MUST lend it:** he must find someone who will undertake for the advantage of present use to replace it with a similar amount at a later date. If we had a sensible monetary system, by which wealth could be readily monetised, the lender would probably be found willing to pay a small fee for having this service rendered him, just as the banks today charge us a small fee for storing the 25 million pounds or so of our ready money they hold on current account.

The practice of usury must be judged by its fruits

when all is said and done. Has it made the world a better place? In New Zealand we have borrowed a lot of money. We have been borrowing for sixty years now. Public works have been built all over the country, but much of the money come by in this easy way has been squandered: if the undertaking costs double what was estimated, why worry! It is always easy to go back to the pawnshop and borrow more. Today we are paying more in interest on our public debt than we borrow, and if we had no debt we could spend about a million more on public works each year than we are doing by going on plunging headlong in the morass of indebtedness.

Moreover, we do not in the least know where we are with that burden of debt interest. Some years ago we embarked on a policy of hydro-electric development. This scheme means that instead of paying wages to New Zealand miners to produce coal to generate power and light we pay interest to financiers in London. Today that interest bill represents about double the number of bales of wool, double the quantity of meat, cheese and butter that it did when we borrowed the money. In future years what will it represent? None of us knows. Anything the money jugglers like to make it represent. If we had built those works out of revenue the probability is that we should have taken care to get a lot better value for the money, and even if the works had cost too much the matter would have been done with. As it is, we will probably pay several times over in interest what the work cost and still be owing the cost.

* * * *

"Startling as it may appear," wrote Mr. Arthur Kitson in "The Money Question," "it is nevertheless an easily demonstrated fact that, under the current rates of interest, the debtor classes of nearly all civilised nations are rushing into bankruptcy. The fact is that the wealth production of nations cannot keep pace for long with their interest charges. In fact, interest as a universal working principle is—at all ordinary rates—an impossibility. Five per cent. interest means a doubling of wealth every twenty years. At compound interest it is doubled in about 14½ years. . . ."

"Usury is always increasing more rapidly than wealth. It knows no period of depression, no time of stagnation, no failure of crops, no unfortunate speculations, no condition of ill-health and inability to produce.

It takes no holiday, and refuses even to keep the Sabbath. It forever goes on as regular as time, and as relentlessly as gravitation, counting and adding to men's burdens, piling them higher and higher, until the loan becomes too great, and there is a financial crash. No system of production has yet been discovered capable of maintaining this regular, never-failing supply which usury demands.

"All forms of wealth production are fitful, irregular, and subject to fluctuations. One season's harvests are abundant and the next a failure. This year's fruit crop may prove enormous, and the next spring's frosts may kill all the blossoms. The consequence is that though for a limited period production may make rapid progress, yet, like the hare and the tortoise, usury invariably overtakes and keeps ahead of production. . . .

"Every certain period there is a universal breakdown; panics and bankruptcy become world-wide; interest bearing wealth is swept away, and equilibrium is restored only after interest-bearing capital has been greatly reduced. . . . Startling as it may seem, it is an indisputable fact that panics, bankruptcies and failures are absolutely necessary in order to keep the system alive Usury, like gravitation, causes large bodies to attract and eventually absorb smaller ones. The small capital of individuals is being constantly absorbed by the greater capital of corporations. This is its inevitable tendency. The forces of attraction and absorption are as strong, constant and relentless in the monetary as in the physical world.

"'Usury,' says Lord Bacon, 'bringeth the treasure of a realm into a few hands.'"

* * * *

We have seen how Mr. Ford relates in his autobiography that bankers came to him in the post-war slump—a banker-created slump—and offered him a loan to help him through on condition that they were given charge of the financial end of his business. Mr. Ford was able to escape their clutches. In how many other cases, one wonders, were similar offers made, and how many producers were as lucky as Mr. Ford was on that occasion? That is a very real instance of how the tentacles of the money octopus reach out in a period of depression.

* * * *

What is the moral of this for us? In New Zealand we have taken to borrowing as a drug fiend takes to dope. Is there any limit to the mountain of debt which we individually, and our public men for us collectively, are willing to pile on our backs?

Interest charges are the real burden that is crushing down on us today. Yet this plain obvious fact is the last thing that we are willing to face. And when men get up and seriously suggest that the way to alleviate our misfortunes is to borrow more money no question is ever raised as to their sanity.

Even with money maintained at a stable level and controlled by financiers amiably disposed towards us, our ever-widening bog of debt would be a menace. With money controlled by interests inimical to us and subject to violent artificially-induced variations in value we are almost wholly in the hands of our enemies, and our utmost endeavour should be to avoid further debts and to reduce as far as we are able, and as rapidly as we are able, the mountain of indebtedness already on our backs.

The forces opposed to us are capable of action on a scale which, judged by our standards, is colossal. Many may suppose that in face of them our only course is to drift with the stream regardless of whether that stream leads to destruction or not. That is a counsel of despair. It is not given to mortals to command success, only to strive and fight on, to learn the lesson of past mistakes, and to make their failures the stepping stones to better things. A man who lives by running to the pawnshop until he has nothing left to pawn ends his career only in one place, and that is the gutter. The fate of a community which follows the same course must in the end be the same.

If there is a conspiracy against civilisation, it is a conspiracy of long standing, and those who direct it are content to achieve their objective step by step. If in danger of discovery they have only to ease monetary conditions for the time being to lull suspicion to sleep. In the end—be it soon or late—they will strike. The enslavement of Russia was not accomplished in a day.

CHAPTER XIV.

SELF-HELP THE ONLY WAY OUT.

In face of the economic crisis confronting us what steps are we taking or proposing to take to mitigate its effects? We read a lot in the papers about the need for "reducing the costs of production." To a large extent this phrase seems to be another name for reducing wages. So far as the farming community is concerned wages are a minor item in the annual expenditure. In an open letter addressed by the President of the Farmers' Union, Mr. W. J. Polson, to the Acting Prime Minister in November last, figures were quoted showing the annual expenditure on a 1,000-acre sheep farm and on a 120-acre dairy farm. In the former case wages accounted for £250 out of a total of £2,650; in the latter for £312 out of £1,395. The sheep farmer was shown as paying £1,290 in interest and the dairy farmer as paying £393, and this after the capital value of the dairy farm had been written down by half. In both cases the interest bill is decidedly the heaviest single item of expenditure. The committee of enquiry into dairy farming conditions recently set up by the Government has reported to similar effect.

There is not the least doubt that any attempt to mitigate the evils of the slump which ignores the interest burden is doomed to failure. Our trouble is that not only have we suffered a very serious reduction in the total of our national income, but that the proportions in which the income is distributed are all out of adjustment.

A maxim for the distribution of farming income that one sometimes hears quoted is: one-third for the rent (in New Zealand, mortgage interest); one-third for the farmer; and one-third back into the farm. In Chapter I we considered the position of a farmer who had bought a farm in 1925 at a figure which worked out satisfactorily on the above basis.

At the produce price level at which he bought the farm, the farmer out of every £100 of income, on his plan of expenditure had £33 for the rent and £67 for himself and to put back into the farm. With a fifty per cent. decline in the prices for his produce, instead of £100

coming in there would be only £50. Out of that £50 the same £33 would have to be found for the rent (mortgage interest), leaving only £17 for expenditures for which £67 had previously been available.

The price slump would be bad enough for that farmer even though all charges were reduced in proportion to the reduction in total income. With interest charges standing at their old level it is, of course, simply murder.

There is a perfectly practicable way in which this mal-distribution of our available income can be corrected. All that is needed is for the Government to decree that henceforth the gold content of the New Zealand pound shall vary according to the movements of the export produce price index compiled by the Government Statistician, taking, say, the 1925 index figure as par. The effect would be that the number of notes issuable against a given quantity of gold would vary as the price index moved up or down.

An enactment on these lines would mean that our pound would fluctuate against the British pound, but it would be a pound purchasing always the same amount of New Zealand produce.

We would make up a basketful of wool, meat, butter, cheese, etc., each in the proportion in which it figures in our production, and the whole basketful representing exactly what a British pound (113 grains of standard gold) would buy at the 1925 average price level, or whatever point we selected for stabilisation. Thereafter a pound would be our name for the amount of gold necessary from time to time to buy that basketful of commodities. In other words our pound would be constant in buying power and variable in gold. Today it is constant in gold but variable in buying power.

The practical effect of this would be if, for example, we had fixed our par point with the British pound at the 1925 level, and the general level of our produce prices fell 50 per cent. below the 1925 level, that our pound would be worth only 50 per cent. of an English pound.

We have seen the unhappy position of the farmer in our illustration above, who is faced with a 50 per cent. decline in his income as compared with 1925. How would he fare under the scheme sketched out above? He would receive for his produce sold in London £50 in English pounds for every £100 he had received in 1925;

but on exchanging that money into New Zealand pounds he would be given £100.

The farmer would thus have the available money to cover his interest charges, to put back into his farm, and to maintain himself and his family. He would have £33 in interest charges to meet out of every £100, and he would have the £100 out of which to meet it.

This would be the case with wage earners and most people right through the community. With export production at the same volume as in 1925 the quantity of money in the country would be the same as 1925. If production increased in volume the money would increase. If production declined in volume the money would decline in amount.

What we would really be doing by this plan would be rationing the gold money we got for our products in London. If the gold money due to us came to half of what it formerly was in consequence of a decline in prices, as we have supposed and as is pretty near the case, everybody's share of that gold would be automatically cut down to half.

All the time the gold content of our pound would keep on varying according to the amount of gold it took to buy our standard pound's worth basketful of export commodities.

These alterations would probably be made every two months or so by a board set up for the purpose, and the way it was to be done would, of course, be very precisely laid down by law.

The alteration at any one time would thus be very slight, and the whole scheme once established would work as simply and unobtrusively as putting on the clock for summer-time works.

So far we have looked at the scheme as it affects the exporter in a time of falling prices. It is time we thought about the importer.

With a produce price decline of 50 per cent. below the par point the importer buying goods in England for £100 in British pounds would have to find £200 in New Zealand pounds to pay for them.

At first glance this will seem disastrous for the importer. In reality it would not be. He would only be hit to the extent that the export produce index on which

our pound was based, fell below the general price level of the goods he imported.

If the prices of imported goods had fallen at the same rate as the gold content of our New Zealand pound had varied the importer would be in exactly the same position as in 1925. His prices would remain round about the 1925 level, his customers would be just as able to pay those prices as in 1925, and the importer's ratio of profit would be the same.

The importer, as a matter of fact, would be very much better off than he is today, for instead of a wholly disproportionate amount of the national income going to the moneylenders, as is now the case with our shrunken national income, the amount of free spendable income in the hands of his customers, the public at large, would be much increased.

What is killing trade is clearly seen if we look at the case of the farmer who in 1925 out of every £100 of income had £33 tied up in interest charges and £67 spendable. With only £50 coming where there was £100, and with £33 still going out for interest it means that the spendable balance is down to £17—a decline of 75 per cent. in the farmer's spendable money, whereas the farmer's total income fell only 50 per cent.

The above figures show pretty clearly that from the importer's point of view things are half as bad again as they would be under the plan suggested.

It may be said that the excessive share of the national income now drawn by the moneylenders is still in the country. But a great part of this interest payment goes to wealthy people, and an increased expenditure by a few people on luxury articles is no compensation for the loss of the widely distributed spending power of the people as a whole.

If the fall in import prices was less than the fall in export prices on which we based the gold content of our pound, the importer would, naturally, suffer to that extent. But that would be a condition in which it was essential as a matter of public policy to restrict imports to balance our national overseas trading account.

* * * *

This plan would have a number of other advantages at the present time. Some of these advantages are as follows:

It would make New Zealand an attractive place of residence to persons with fixed incomes. Civil servants in India, etc., and other such persons would probably be much attracted by the idea of residence in New Zealand on retiring on pension if they could exchange an annual pension of, say, £400 British pounds for £800 New Zealand pounds. It would be all to our advantage to have such people here eating our produce on the spot.

The favourable exchange would also have its effect in attracting tourists.

Another effect would be to give a great stimulus to gold mining, and as gold is the one commodity which our overseas creditors will accept in fixed and unchanging quantity in discharge of our debts, the more we can produce of it the better.

The more stabilised internal price level would also be a great assistance to manufacturers and give a valuable stimulus to our secondary industries. And here it may be emphasised that the bigger a town population we have the more prosperous will our farmers be.

This latter statement is not in line with the thought of many who treat the growth of the towns as a matter for concern. Our farmers would have to live in a very barbaric state if there were no town populations to purchase their products. Not having a town population of our own to do this we have to seek out town populations on the other side of the world in order to dispose of our produce, and have to go to great expense to transport it. It would be much more to our advantage to cut out those charges and have our consumers on the spot. Also, we have spent a great lot of money on developmental public works without having got the development. We need more population to right this, and bring per capita overhead charges for our national undertakings down to a more reasonable figure. The plan outlined above makes it easier for people to come here, not, of course, that the writer suggests that we should start bringing people into this country while we have the ridiculous spectacle of men wandering about New Zealand looking for work in a country where so much requires to be done. That is the first mess we have to set ourselves to right. And the way to right it is to set to in earnest on our money muddle.

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The plan outlined above is not a fancy creation of the author's. It is known as the Irving Fisher Compensated Dollar Plan. This plan was put forward as far back as 1911 by Professor Fisher, formerly Professor of Economics at Yale University in the United States, and has been under criticism ever since. Its technical details will be found fully set out in the 300 pages of Professor Fisher's book, "Stabilising the Dollar," published in 1920. More briefly it is discussed in Professor Fisher's later book, "The Money Illusion," published in 1928.

The Fisher plan was considered by New Zealand's now defunct Board of Trade in its annual report for 1919, when it was seeking a remedy for the great fluctuation in the value of money brought about after the war. After a lengthy review of the Fisher plan the Board said:

"So hopeful does Professor Fisher's suggested remedy appear to the Board that we earnestly recommend it to the serious attention of the Government."

So far from getting the serious attention of the Government the Fisher plan seems never to have received any attention at all.

Sir Josiah Stamp, one of Britain's foremost economists and a director of the Bank of England, has expressed the opinion that Professor Fisher represents the "best informed opinion" on the subject of money.

In an article published in the "United States Banker" for January, 1929, Professor Robert H. Tucker of Washington and Lee University, wrote of "Our Unstable Standard of Value." Declaring the Fisher scheme of money stabilisation to be the most complete and thoroughgoing of any put forward, Professor Tucker said:

"It is not a panacea, or a substitute for economy or for efficient management. It is not a guarantee of a perfect system of distribution. But, as has been pointed out, it would reveal the facts, instead of obscuring them, as the present unstable dollar (pound) obscures them, and directly or indirectly accomplish more than any other reform proposed in the world today."

Sir Josiah Stamp's opinion is very similar as to the urgency of action: "Everything," he says, "depends on whether our combined and international wisdom can

master the next stage of monetary science. Certainly the old ideas and practices will no longer serve. I have long said that a new development in monetary knowledge is the most important single problem of our age—more important than unemployment, industrial peace, or capitalism, because fundamental to them all.”

After twenty years of criticism the Fisher plan—it is really much older than Professor Fisher, for you will find the rudiments of it in Professor Jevon's book on “Money” published in 1870—and in many other works of foremost writers—this plan still commands the attention of all writers on monetary policy. Everything has been done with it except try it.

People may say, “Oh, yes, it is a very nice idea, but quite out of the question for New Zealand to think of doing anything about it on its own account.” This is not the idea of Professor Fisher. In a letter written in response to enquiry by the present writer under date of October 14, 1930, Professor Fisher said:

“You ask me if I think New Zealand could undertake to put into operation the ‘compensated money unit plan’ without reference to any other countries. I would reply that I think she could, but that it would be very much better if she could induce the nations of the British Empire to adopt the plan at the same time.”

That is clear enough. Undoubtedly it would be much better for the rest of the Empire to adopt the plan with us. But we will get nowhere if we wait for that to happen. We need immediate present relief. The best way to induce the rest of the Empire to fall into line is to make a start here, and let them see for themselves what the plan is like in operation.

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Various plans for stabilising money have been put forward of recent years. The late Professor Lehfeldt of South Africa, for instance, advocated international control of the world's goldmines in order to dig gold, even at a loss, so as to increase the supply. The money interest diligently talks of universal central banking as the way to stabilisation. This was what the money power told the people of the United States when the central banking swindle was put across in that country. They have put central banking across in Europe with the Bank of International Settlements, which Sir Otto

Ernst Niemeyer has told us is the hope of the world. A Central Bank Bill is in course of being pushed through the Commonwealth Parliament at the time of writing. As for New Zealand, the two emissaries of the Bank of England, Sir Otto Ernst Niemeyer and Professor Theodor Emanuel Gugenheim Gregory, were strongly of opinion that we also should have a central bank. We shall be wise people if we have nothing of the sort while money is under its present control.

Perhaps some of our learned economists who advocate central banking will tell us why if it failed so ignominiously to provide the promised stabilisation in the United States any better results are likely to be secured by establishing it elsewhere?

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It is quite possible, of course, that the Money Power may really intend to use central banks to stabilise money. For example, it might make money still dearer even than it is today, and then stabilise it on this depressed price level for all time, or for a sufficient time to bankrupt the British Empire and every component part of it. Of course there would be enough "senseless phraseology" spoken and printed to bewilder the public and to have some of our local financiers and pedants falling over one another to lick the boots of those who were about to destroy us.

* * * *

There was recently formed in the United States a Stable Money Association. This association announces in issue No. 3 of its bulletin, "S.M.A. News Service," under date of April, 1930, that it is "the advocate of no specific solution." Its object is to direct public attention to the problem, and to promote research and discussion.

It is obvious, of course, that an association which advocates no specific solution can itself get nowhere. You have got to do something in particular if you do anything at all. And a body of men assembled together and pledged to do nothing in particular on a vital problem is not exactly an inspiring spectacle.

The president of this association is Mr. F. A. Delano, deputy chairman of the Federal Reserve Bank of Richmond. Among the vice-presidents are Mr. Otto H. Kahn, partner in Kuhn, Loeb and Company; General G. C. Dawes, for nearly thirty years head of the Central Trust Company of Illinois; Mr. F. H. Sisson, vice-

president of the Guaranty Trust Company of New York; Mr. Owen D. Young, head of the General Electric Company; Mr. Charles Evan Hughes, formerly United States Secretary of State and later attorney for the Standard Oil Company and similar interests.

The above is but a selection from a list which includes eminent and distinguished persons of all nations. The connections of the above gentlemen can be instructively checked up with the list of concerns reported by the United States Money Trust Commission as constituting a peril "far greater than the combined danger of all existing combinations."

It is quite obvious that although the Stable Money Association is pledged to advocacy of no particular solution of the money problem, nevertheless a great many people interested in the problem and anxious to advance some definite plan will get into touch with it. The members of the association will thus be widely informed of movements for money stabilisation all over the world. People who are planning action and propaganda will doubtless rush eagerly enough to tell it what they are thinking of doing and to ask for its support. If, as the Money Trust Commission reported in 1913, a Money Trust then existed in the United States, and if the concerns listed as constituting that trust are still in combination today, then, it is obvious, all this advance information about contemplated moves for monetary reform in different parts of the world should be very useful indeed to it. And it would seem unlikely that any policy adopted by the Stable Money Association will be injurious to the money power so long as gentlemen associated with that power are among its office-bearers. And another question is whether what is advantageous to the money power is likely to be in the least beneficial to the rest of us.

Conundrums like these we must answer for ourselves, but it is wise to ponder them before expecting much in the way of help from the Stable Money Association of New York.

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There are critics who contend that even Professor Fisher's scheme will not get us very far, and that we can never get far until we abandon gold. Sir Josiah Stamp in his foreword to Professor Fisher's "Money Illusion" said the next ten years would probably show whether

gold was to remain predominant; whether it was to retire to a secondary place, as in the Fisher scheme; or whether we would have to get right away from it altogether. Mr. Reginald McKenna, in his 1925 address as chairman of the Midland Bank, pointed out that theoretically no particular advantage attached to gold as a monetary standard. Its advantage simply is that gold has become a fetish. "So long as nine people out of ten in every country think the gold standard the best, it is the best," he said. In our grandparents' day no doubt a physician could just as soundly have declared, "So long as nine people out of every ten think bleeding the best cure for disease it is the best cure." After innumerable patients had died from the loss of blood consequent on venesection, cupping, and the application of leeches, the public and the physicians gradually came to a knowledge that the cure was worse than the disease. Today the orthodox are as ready to die by the gold standard as their ancestors were to pay money to the doctor to bleed them to death. It was a very respectable ending, and well worth the money, no doubt.

In a speech in Congress in 1913, Mr. Charles A. Lindbergh, of Minnesota, declared that there was a catch in the Fisher stabilisation plan. It is not too clear from Mr. Lindbergh's speech just where the catch is, but his grounds for thinking there is one are worth noticing. The Fisher plan had then been only two years before the public. It had received nation-wide publicity, and this fact in itself made Mr. Lindbergh suspicious of it. He said:

"If he [Professor Fisher] had not proposed to standardise the gold dollar his proof that it is not an honest measure of value would have received no publicity greater than he and his friends and a few others could give it. It would have been ridiculed if he had not proposed a remedy that suited the interests, for the money sharks demand some measure that is favourable to them and not fair to the people."

Apart from getting away from gold altogether—the best plan if public opinion were ready for it—the Fisher plan does, however, appear decidedly the most hopeful of current plans for money stabilisation.

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Before we leave this part of the subject it is worth

noting that several partial adaptations of the Fisher plan have been suggested in Australia. "Ex-Banker" in a column article in the "Sydney Morning Herald" of August 21, 1930, suggested that the Australian exchange on London should be varied according to the price of wool, as being the most important of Australia's staple products. In view of the extremely violent fluctuations in value to which wool is subject its importance to the community would have to overshadow that of every other commodity to make it alone an acceptable basis of monetary regulation.

In November last Professor D. B. Copland, of Melbourne University, in a lecture recommended raising the exchange on London to give Australia a breathing space. The exchange is at present arbitrarily fixed by the banks, and as Professor Copland, in such reports of his lecture as the writer has seen, did not suggest any more than a further arbitrary variation in the rate with no definite basis of regulation. his plan if correctly set out, becomes merely a temporary expedient of rather a dangerous kind.

Mr. C. H. Wickens, the Commonwealth Government Statistician, was reported in November as proposing something very like the Fisher scheme. "To obtain an equitable price level," he is reported as saying, "regulate the currency so that when the price level falls the issue is increased, and when the price rises currency is restricted."

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The foregoing shows us that there is nothing to stop us from putting our monetary affairs into much better shape than at present. Nothing, that is, except ignorance and timidity. Any sensible steps would, of course, be hotly resented by the money interest and would provoke a great hubbub, and a great lot of rubbish would be trotted out in an endeavour to scare and terrify people from interfering in any way with the operations of the money power. When the Almighty endowed human beings with brains it was presumably intended they should use them. If we leave our brains behind us and continue to allow "experts" so kindly provided by the moneylenders to go on regulating money solely in their employers' interest we get the result that we deserve—and are asking for. If we wish to make our country worth living in we will, on the other hand, lose no time

in extricating ourselves from this particular bog.

Our salvation lies in doing things, not in talking, arguing and wrangling about what we shall do. At present we talk and flounder while the money interest acts with silence and certainty. We are like people who squabble all day about the particular brand of insect powder to use to rid the house of vermin. In every remedy advanced the money interest will pick holes and discover defects. If we wait for the perfect remedy we will wait for ever. The Fisher plan is practicable and capable of immediate adoption.

CHAPTER XV.

THE BASIS OF SECURITY.

The land is the basis of all wealth, and if the farmer lives in a state of insecurity it is impossible for the rest of the community to be secure. With the farmer up in the air financially, everybody else is up in the air, and particularly so in a country like New Zealand. This fact was very clearly recognised by the ingenious concocter of the "Protocols of the Learned Elders of Zion," whoever he may have been. It was obvious to him that to make the money power supreme over the community the landed interest must be kept at its "lowest possible ebb."

If the people live in freedom on the land they will still be secure even though the moneychangers have turned the temple into a den of thieves. It is thus of vital importance to the money power to entrap the tiller of the soil and the husbandman in the toils of debt.

This has been very completely achieved in New Zealand. Half a century ago a Conservative Minister of Lands told Parliament that the only alternative he could see before the farmers of New Zealand was to be either the tenants of the moneylenders or the tenants of Crown.

Crown tenancy is of no use at all to the money power as it cannot take away the land by enticing the farmer into debt—not that he needs much enticement, for going into debt has become as natural to a New Zealander as sucking in his mother's milk. For some years we did have Crown leaseholds that were inalienable, but the moneylending interest soon saw to it that these leases were done away with.

One current proposal is to alleviate the farmers' distress by de-rating rural lands. It may be well-intentioned, but what is its effect? It means that in order to enable the farmer to go on paying his interest bill he is to be relieved of payment of local rates. The money for these rates is to come from some other source, this source being the towns. The proposition is thus that the townspeople shall be roped in to pay the farmers' rates. Boiled down it means that the townspeople as well as the farmers are to be forced to work for the farmers'

mortgagees, and are to be robbed of their earnings in order to keep up the value of the mortgagees' security. With no rates the land will be worth more to the mortgagees than before, but the let-off in rates will not suffice to save the farmers. They need a lot more help than that.

What the farm mortgage total is is not very clearly revealed in New Zealand statistics as no complete figures are collected. Figures published in the Government year book for 1930 deal with the mortgages as shown in 40,494 rural land tax returns. These holdings total 23,418,000 acres of an unimproved value of £148,130,000, and the mortgages on them amount to £109,789,000. The capital value is not given, but the total unimproved value of all rural land is £221,000,000 and the total capital value is £351,000,000, or roughly half as much again as the unimproved value.

So far as they go the figures indicate that the whole of the rural lands of the Dominion are mortgaged to about half their capital value as shown on the Government valuation roll, all except a small fraction of such valuations having been made prior to 1926. If these capital values are written down by half we have the position that the mortgages equal the whole capital value of the rural land in the country and that the farming population has just about no equity at all in the land it occupies.

Of course not all the farmers are in the same boat. The little men are in up to their necks, about 20,000 of them having mortgages of £1,000 and more per £1,000 of unimproved value, Government valuation. One whole group of these small farmers, for instance, is shown with £1,412 per £1,000 unimproved value round their necks.

The greater part of the land in the country is still occupied in very large holdings, and many of these large holdings are clear of mortgage. A regrettable feature of the official figures is that no clue is given to the number of holdings that are unencumbered. Anyway, pretty well right through the piece the rule is that the more valuable the holding the smaller the average mortgage per £1,000 of unimproved value, the biggest class of land holders coming down to £30 per £1,000.

The figures indicate quite clearly that if anything at all is to be done to help the farmer it will only be done

by getting him out of this bog of debt. In cold, hard fact there is nothing to stop us from doing this. Nor can we get our country into any sound state of prosperity until we do it. What we lack is the will to act.

The steps that require to be taken to put our farmers in a position of security are really quite simple in principle. One perfectly workable plan is set out in the "Rural Report of the Liberal Land Committee, 1923-25," issued by the British Liberal Party, and published by Messrs. Hodder & Stoughton, Ltd., at the modest price of one shilling net.

In the 584 pages of that report is embodied a mass of invaluable information on the land question, and an exposition of the grounds on which the policy adopted is founded. That policy was designed to give the tenant farmers of Britain security in the possession of their holdings and an equitable return for their labours.

Our problem can be solved by exactly the same means. The needs of our farmers are the same. The English problem is private landlordism. Our problem is mortgaged freeholds, which is merely disguised landlordism. Where they have rack-renting in Britain we have overmortgaged freeholds.

Our system is more vicious than the British system, for whereas a tenant-farmer there who is turned off through failure to meet his rent loses all the labour he has put into the farm, with us the farmer turned out by his mortgagee loses all the capital he put into buying the farm, as well as his labour in improving it. When land values slump there is no share and share alike under the moneylenders' system. The farmer is stripped of everything he owns on the farm or off it before the mortgagee loses so much as a brass farthing. The man who has not lifted a hand in labour gets all, the toiler and producer loses all.

The British Liberal Party land programme is based on the fact that in English law no subject can acquire an absolute title to land. The greatest interest in land which a subject can have is a tenancy in fee simple. In former days that tenancy carried duties and obligations. These were gradually whittled down to nothing. The Liberal policy proposes that upon an appointed day the Crown shall resume its rights.

Upon this taking place the State will have the right

to transfer any farming land to any person competent to use it to the advantage of the community as a whole.

Every tenant holding will be forthwith transferred to its then tenant (if a competent person), who will hold it in Cultivating Tenure. The land will be valued at its true farming value, a rental upon this value assessed, and the Crown will pay to the former private landlord an annuity corresponding to the rental fixed, less administrative charges.

This means that the private tenants of Britain would automatically become Crown tenants. The rentals fixed would remain unaltered so long as there was no break in the tenancy, and the tenants would have the right to transmit to heirs within specified degrees of relationship, such heirs to be competent to farm the land. The tenant would also be permitted during his lifetime to transfer the holding to a person within the same degree of relationship, but no payment by way of rent or its equivalent to the transferrer would be allowed.

A Cultivating Tenant would also be permitted to surrender a holding at any time, and upon such surrender would have a right to full compensation for the fair value of improvements made by him. On the death of a tenant without heirs competent to farm the land the value of the late holder's improvements would be paid to his estate.

All farming land occupied as freehold by a bona fide farmer on the coming into force of Cultivating Tenure would be left in the hands of its occupier, subject to the State having the right to secure the proper use of the land for productive purposes. An occupying owner would have the same rights of bequest as a Cultivating Tenant. If he wishes to give up his holding at any time, or if he dies without an heir competent to farm it, the State has the right of pre-emption.

The part of the policy of especial interest to us in New Zealand is the provision that the State shall be under an obligation to take over the holding of an occupying owner who requests its transfer to Cultivating Tenure. In this case the occupier after being approved as competent to farm the land, is offered it at a rental assessed as in the case of Cultivating Tenants above, and an annuity is paid for the land to him as owner, the annuity being the amount of the rental less administrative charges.

Obviously an occupying owner would have nothing to gain by such a transfer to Cultivating Tenancy provided he had an unencumbered holding. If this land was mortgaged to an amount in excess of its net rental value he would, of course, have everything to gain by transferring to Cultivating Tenancy. Such a provision in our New Zealand law for the conversion of freeholds to State tenancy would offer a door of salvation to innumerable farmers, and save this country from its present drift into the same private landlordism that destroyed the yeomen of England, and reduced agriculture in that country to its present pitiable condition.

The objective of the whole policy is to bring the financial demands upon the farmer within his capacity to pay. The report says:

"Depression can be relieved only by relieving agriculture from the weight of false values. False values can be eliminated only by refusing to recognise them and making their reappearance impossible."

That is precisely the problem we have to face in New Zealand. The British Liberal Party land policy of 1925 offers a perfectly just and feasible way of stripping off fictitious values without dispossessing competent farmers. Our present system offers no way but to break the backs of the farmers for the benefit of moneylenders.

The British Liberal policy means that where land has been over-mortgaged those who advanced excessive amounts on it, or sold it for a fictitious value, will have to bear the loss. This is no more than justice. As the Liberal reports says:

"No wise advisor of investors would encourage a mortgagee to risk an amount greater than two-thirds of the present real value. Mortgages beyond this amount must be regarded as highly speculative. The ever-present possibility of recent years that the State might raise additional revenue by specialised land taxation has been an additional reason for caution on the part of mortgagees. When the system of cultivating tenure is instituted it will be possible to ascertain the extent of mortgages on agricultural land, and it would, in our opinion be reasonable to indemnify first mortgagees up to a reasonable limit. . . ."

"This problem had, of course, to be faced under the Irish Land Purchase Acts. Under those Acts owners are

entitled to sell their lands without obtaining the consent of their mortgagees, but except where the sale prices are fixed by the Acts, the mortgagees get notice of the purchase prices and can object to them if they are shown to be inequitable. Mortgagees receive notice of the proceedings for sale, and, when the purchase money has been advanced and lodged in Court for distribution to the parties who may be found legally entitled thereto, the mortgagees attend and prove their claims before the Examiner, who investigates the title. The claims are paid out of the purchase money in so far as the money is available to meet them. . . .

"We do not believe that many cases of hardship would arise. In any case such hardships cannot be weighed in the balance against the present accumulated hardships of rural life, and the present danger to national stability, and great nations cannot be deflected from pursuing great policies by the possible grievances of problematical minorities. Whatever, for instance, may be the case for or against Prohibition in the United States, no one would argue that the interest of persons who had mortgages on drink-trade premises should have been allowed to tie the hands of the American nation"

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A most important point in the British Liberal Party policy is the method of payment for the land. This is set out in clause 245 of the policy, as follows:

"The landlord's annuity shall be, in principle, perpetual. But the State may make such arrangements as are equitable, by sinking fund, drawings or other means, to redeem the annuities at any time in any way equitable to all parties. The annuity shall be paid in income bonds or in such other way as is necessary to enable the recipient to realise its value at any time in the open market."

The essential thing is that the State can conduct the scheme without recourse to borrowed money. But it may, at its convenience from surplus revenue, or by any other means, buy in the annuity bonds on equitable terms. There is, however, no obligation on the State to redeem the annuities.

Under the Irish Land Purchase Acts passed by the British Parliament the mortgagees were paid in cash.

Since the Irish Free State took over the payments have been made in $4\frac{1}{2}$ per cent. Land Bonds.

It will be contended by many that unless the mortgagees are paid in cash or in bonds which the State undertakes to redeem at a given date, a great injustice will be done them, and that an irredeemable bond, or a bond redeemable at the option of the State, is a very inferior substitute for cash and its offer to the mortgagees a gross breach of faith. A little reflection, however, will show this not to be the case.

Every person who invests money on mortgage lays out a given sum of cash in return for a fixed annuity. That annuity is derived from the annual produce of the land. The sole value of rural farming land lies in the periodic yield of material wealth by the application of labour. The cash laid out by the mortgagee gives him a claim to an annual cash payment, derivable from the produce of the land.

What happens when the mortgagee wants to recover his principal sum advanced? His sole expectation of recovery lies in the belief that either his mortgagor or some other person will be willing or able to pay down a lump sum of cash in order to secure the annur' cash payment to which the mortgagee is entitled. The mortgagee has no absolute guarantee from any source that such a payment will be forthcoming. He takes his chance of being able to discover some other person who will give him a sum of money equal to that invested by him in return for the annual payment due to him. It is true that in addition to land itself the mortgagee has a claim over such other assets as his mortgagor may possess.

Under the proposed scheme what would be the position of the mortgagee? The State-issued annuity bonds given him would be a vastly better security than he now has. They would be secured over all the lands of the Dominion instead of only over one farm. Their income would be infinitely more certain.

If at the same time the State undertook to redeem the bonds for a given cash sum the State would be putting the mortgagee in a much superior position to that which he occupies today. The whole resources of the State would be put behind both his annual income from his mortgage and behind the repayment of the capital sum.

There is no warrant whatsoever for giving the mortgagee more than he is entitled to at present.

The position is amply met if the State pays out income bonds backed with the State guarantee of a perpetual annuity and leaves the mortgagee to dispose of these in the open market whenever he wishes to recover his principal.

To say that the annuity bonds, although backed by the credit of the community as a whole, are not going to be saleable, is to say that the surplus wealth seeking investment is going to dry up or decline. So long as there is surplus wealth in the community its owners must lend it. They have no option in the matter. If it remains idle on their hands it either deteriorates and perishes or at best produces nothing. In either event it ceases temporarily or permanently to have value. To maintain its value its holder must invest it. No investment for that surplus wealth can offer better security than one that is backed by the credit of the State. So long as there is surplus wealth seeking investment the present cash value attaching to all forms of security depends on the degree of certainty attaching to the income to be yielded. If that income is uncertain the security declines in value, no matter what its face value or however assured the ultimate repayment of the principal sum.

People do not buy Government stock maturing in fifty years time because they expect precisely at the moment of maturity to have a use for the principal sum they have invested. They buy Government stock because its absolutely assured income makes it at all times the most saleable of securities. Its present value depends on the demand for such assured income.

Here, for instance, is what a formerly well-known financial writer has to say about irredeemable stocks. The extract is from Mr. Charles Duguid's little book, "How to Read the Money Article" (Effingham Wilson, 1901), pages 55-56:

"A redeemable stock, of course, is one which will be paid off: in which our investment must sooner or later cease. We shall go on drawing our interest until the date of redemption, but when that date arrives our capital will be paid back. However much we may desire to continue, however convenient it is to receive the nice

steady income from the interest payable on a certain day, we shall be obliged to take our money back and look out for a fresh investment. Nearly all corporation stocks are in this redeemable category; the Government now makes our municipal authorities pay back their loans within a certain time.

"Irredeemable stocks are, of course, exactly the opposite. Upon these the borrower goes on paying interest for ever. Or at all events interest is paid until the stock can be bought back in the market, or until terms can be arranged with the holder. Corporations which long ago issued irredeemable stocks have sometimes regretted their policy. Finding they can borrow money more cheaply than at the rate they have to go on paying, they endeavour to rid themselves of the burden. But for the very reason of their improved credit, or even because of the high rate of interest they undertook to pay for ever, the stocks are tightly held. . . ."

The above extract is interesting in that it shows an experienced financial writer dwelling not at all on the disadvantages to the holder of irredeemable stocks, but on possible disadvantages to the issuer.

The objections likely to be raised to the payment of mortgagees' claims by annuity bonds have been dealt with at some length as they will probably be the principal objection put forward against the plan proposed. The objection is not one that can be sustained against the very positive advantages to be gained by the community as a whole.

In the plan outlined in this chapter we have a simple and entirely practicable means of placing the farmers of New Zealand in a position of security. It is not a plan emanating from any wild party of revolutionaries, but is the sober, considered policy put forward five years ago by the British Liberal Party. Our depression can only be relieved and production cheapened—an essential preliminary to any return to prosperity—by stripping fictitious values from the land. To let things take their course means that with a continuance at the present price level we shall simply sit back and see the greater portion of the active producers of this country ruined and stripped of all they possess. If so monstrous a wrong can be averted we are less than men if we refuse to save these people.

CHAPTER XVI.

CONCLUSION.

The remedies proposed in the two preceding chapters go hand in hand. The second would be dangerous without the first, and the first would be incomplete without the second. Taken together they offer an immediately practicable means of relieving the acuteness of the present depression and of placing our country in a position of relative security. Both these steps are of the utmost importance to the entire population of the Dominion for they go directly to the root of our troubles.

Instead of a multitude of re-adjustments, the whole of which will be again dislocated immediately another variation in the purchasing power of gold occurs—and such variation is highly probable—all that we require is the passing of two laws, both quite simple in principle.

The first will enact that the gold content of our pound is to vary according to the movement of the export index number, the average figure for, say, the year 1925, or some other suitable point, being taken as par. The intervals at which the adjustments are to be made will be prescribed, the exact manner in which the index number is to be calculated will be laid down, and a small board will be set up to certify to the accuracy of the index figure. The board's task will be important, and it would be well to have represented on it the various interests affected as far as practicable, say, one representative each of the banks, the Chambers of Commerce, the Farmers' Union, and the Trades and Labour Councils.

The second law will enact that any farmer on making application, and on being certified by the Land Board as competent, will be given the option of having his freehold converted into a Crown lease. The land will be valued at its true productive capacity, and the basis on which the valuation is to be made will require to be very carefully set out. The farmer will be offered the holding at a rental based on this valuation. The land will be paid for in Government land bonds yielding an income equal to this rent, less administrative charges.

Mortgagees will receive notice of the proceedings and their claims will be met by the allotment of the land bonds to them in so far as the bonds are available to meet the claims.

* * * *

Neither of these simple proposals can be dismissed as impracticable. The first is the embodiment of a plan advanced by a man who has a world-wide reputation as a first-class authority on monetary matters. As has been stated, the author holds a letter from this gentleman, Professor Irving Fisher, expressing the opinion that it would be quite practicable for New Zealand to adopt the plan independently of other countries.

A prominent director of the Bank of England in a private letter to the author has stated:

“You have asked me specifically whether I think there would be likely to be any support from the London end for an experiment in New Zealand something on the lines of the Fisher plan. The whole outlook has been so uncertain during the past two or three months that it has been difficult to make up one’s mind with any definiteness on this question. At the moment, however, my feeling is that the experiment would not be supported. Of course, often there is theoretical objection to a cause which, the moment it becomes urgent from a practical point of view, is waived, and I have been unable to make up my mind how far people in authority would, if pushed by emergency, agree to internal stability with high fluctuation in exchange rates. There is no question, however, as to the general view in London against this course, and they are still fumbling after obtaining stability in the value of gold and are not prepared to consider the remedies that may have to be looked at if such instability is chronic.”

The author desires to direct attention to the portion of the above letter which he has put in heavy type. If ever a country was pushed by emergency New Zealand is today, with the Hawkes Bay disaster coming on top of the worst slump in its history. Coming from such a quarter, the letter cannot be regarded as other than most encouraging.

It has to be remembered that the Fisher plan will not in any way affect our external liabilities. It is simply an internal redistribution of the national income. As our

external creditors will not be thereby affected they would thus have to show themselves of a malevolent disposition if they sought to punish us for making this experiment. Opposition from the London end would simply be an indication that the Money Interest there is determined to prevent the people of any part of the British Empire freeing themselves from their present slavery to gold. If such is the fact, which the author would be sorry to believe, the sooner it is disclosed the better for the whole Empire.

* * * *

The second of the two enactments which we will require to frame can no more be dismissed as based on the theories of wild revolutionaries than the first. It is the considered policy of the British Liberal Party adopted after years of investigation of the land problem. Before the war the Land Committee of the Liberal Party put forward a land policy consisting merely of a wide variety of palliatives—the sort of thing with which we are so familiar in this country and which gets us nowhere. After the war it took a more courageous line, and the policy of 1925 was the result. The handbook in which the whole question is examined and the policy set out is one of the finest expositions of the land problem in existence. The fact that a most determined, and successful, effort was made to defeat the British Liberal Party at the elections next following its adoption of this policy in no wise detracts from its value. Any proposal which prefers the interests of the people to the vested interests of a powerful minority must expect such resistance. And the greater the measure of justice it gives to the people the more violently will it be resisted, and the more contumely will be heaped upon it through the innumerable agencies and channels that Wealth commands.

No greater boon could be conferred on the people of New Zealand than the enactment in its entirety of a land policy on similar lines to that embodied in the British Liberal Party programme of 1925. The writer proposes nothing so revolutionary at the moment. He directs attention solely to one portion of that policy as a means of securing immediate relief in the emergency which now confronts us.

We have already given Crown tenants the right to convert their formerly inconvertible tenancies into freeholds. About a third of the holders of leases in perpetuity

have converted their holdings to freehold, in many cases with disastrous results to themselves. It is time we worked the machine in the opposite direction. The proposal outlined is the only equitable and practicable means the present writer has been able to discover which will accomplish the most urgent thing required today for the liberation of the people of New Zealand, namely, the stripping of fictitious values from the land without the complete ruin of the people on the land. Those who oppose it must either put forward a better way of achieving this end, or else reveal themselves as indifferent to the ruin of the farming population of the country, as not a few have done in published statements in the press. A monopoly value has been put upon the land, and those who would gain access to the land have been forced to pay that price. Now they are told they must pay the penalty of their folly. That is a typical line of thought finding daily expression in the newspapers. Those who advance it apparently affect to believe that the farmers of New Zealand have gone about insisting on the sellers of land accepting more than the land was worth. How much truer are the words of the British Liberal Land Committee, already quoted:

“Depression can be relieved only by relieving agriculture from the weight of false values. False values can be eliminated only by refusing to recognise them and making their re-appearance impossible.”

Finally, it cannot be too strongly emphasised that the scheme outlined would be dangerous in the extreme if embarked upon without stabilising our currency in relation to the export produce price level. Under the unstable gold standard it is impossible to value land in terms of money. Only the other day the writer saw valuations made for mortgage purposes in which the value of sheepfarming country was worked out on the basis of wool fetching a shilling a pound. For all the parties concerned the valuation, though made by a fully competent man, was the rankest of gambles on what the purchasing power of money is going to be. For the State to give freeholders the option of converting to Crown tenancies without first stabilising the currency would be to plunge from one disaster into another. The two proposals are inseparable.

* * * *

To many persons the proposals set out in this book

are likely to prove highly unpalatable. It is an old saying that you cannot make an omelette without breaking eggs. Every reform, every change means upsetting something that is customary and accepted. Before people will accept a reform it must be shown either that it means a real gain or that there is peril in continuance of existing practices. Do not the facts in the present case reveal both that gain and that peril?

The international financiers who control the world today rely for their supremacy on the continuous co-operation of the moneylenders and interest-drawers of all nations. They have calculated that the innate selfishness of human nature will cause the wealthy classes in all countries to resist to the last extremity any step which would free the people from servitude to the money power. They have calculated that the people, inflamed by such resistance, will plunge into socialism, and that with a nationalisation of industries by means of borrowed money, international finance will be placed in full possession of the entire assets of the community.

How faithful in every country has been the co-operation of the local moneylenders in weaving this web of world control! Plunged into difficulty by the gold manipulators what is the course everywhere pursued? Every agreement, every contract, may be varied save the contracts with the moneylender. His contracts stand in a different class from all others. The religion we profess may declare the labourer worthy of his hire and may condemn the taking of usury; but, in practice, Christian statesmanship as a matter of course passes legal enactment in time of crisis to deprive the labourer of his wage in order that the full tribute to the usurer may be forthcoming. If the moneylender forgoes—or even postpones—taking his due sum it will be purely as an act of grace on his part. The special sanctity attached to a payment calling for no exertion whatever on the part of those who receive it might puzzle a visitor from another planet able to consider our institutions detachedly.

Nor can we escape the fact that a State in preferring the interests of the money power to those of the people comes dangerously near to an abnegation of sovereignty. A Government accepting a position in which a body of its private citizens announce terms on which they are "willing to co-operate" with it—as financiers have done in some countries—has virtually ceased to be a Govern-

ment. Accepting such a position, it becomes a mere front, a facade behind which these private persons rule the country. So far as it serves the people at all it fills the office, not of governing, but of mediating. The seat of sovereignty must be sought elsewhere. This statement may be thought extreme, but it is in accord with every recognised principle of sound government.

* * * *

That our institutions should be falling into such anarchical chaos is due to the monopoly given to gold as the sole legal tender. These legal tender enactments had their origin when the State in olden times sought to rob the people by debasing the coinage. To make bad money pass current the compulsion of law was required. To this root can our present troubles be traced.

Nothing is more pernicious and misleading than the idea that the measure of value must in itself have value. Nobody exposed this fallacy more clearly than old Bishop Berkeley when he asked in his celebrated "Querist," published over two centuries ago:

"Whether money be not only useful in so far as it stirreth to industry, enabling men to mutually participate in each other's industry and the fruits of each other's labour? . . .

"Whether the terms, crown—livre—pounds sterling, etc., are not to be considered as exponents of denominations? And whether gold, silver and paper are not tickets or counters for reckoning, recording, or transferring such denominations?

"Whether the denominations being retained, although the bullion were gone, things might not nevertheless be rated, bought and sold—industry promoted, and a circulation of commerce maintained?"

What we all need to realise is precisely that money is merely a ticket to goods and services. This ticket no more needs to have an intrinsic value in itself than a theatre ticket needs to be made of gold or silver to be worth having. Our commerce is in the same sort of a mess that travel would be in if it were decreed that no rail or steamer ticket could be issued unless made of platinum. The amount of travelling that could be done would thus be entirely regulated by the amount of platinum in existence. The cost of travel would depend

on what price the holders of platinum wanted for their metal. If somebody cornered platinum at Christmas people would have to give up the idea of going away for the holidays. The thing sounds insane, and we would have to be insane to consider it. Nevertheless, it is exactly what we are doing when we make the volume of credit and trade depend upon possession of another scarce metal of less practical use.

Unless our civilisation is to collapse through lack of intelligence we will eventually have to divorce our currency entirely from gold. Every period of prosperity under the gold standard is checked and killed in collapse because of the scarcity of the exchange medium. One ardent reformer, Mr. Henry Meulen, in his "Industrial Justice through Banking Reform" (R. J. James, London, 1917) expresses the opinion that, but for the legal restrictions placed upon banking, a system would long ago have been evolved by which under free competition we would have had a creation of exchange medium—"the creation of paper credit titles to the wealth which now stagnates in the hands of producers—and the distribution of these paper titles to those who are considered by the professional judges of commercial ability, the private bankers, to be capable of producing fresh wealth." With the removal of artificial restrictions due to unwise laws made by persons who did not understand what they were doing, or were prompted by selfish motives, the present divorce of the producer from the means of production would, he contends, be ended. That, of course, would mean an end of the spectacle of one set of persons starving and another set loaded up with foodstuffs which they are unable to exchange for things the starving people could produce.

The author's purpose in this book is not, however, to advocate any abandonment of gold, but he makes the above digression as many people do not recognise the source from which so many of the present difficulties of commerce flow. It is sufficient here to urge that we take without delay the necessary steps to protect ourselves from complete disaster by vagaries in the value of gold in the hands of the forces that today control and manipulate it.

* * * *

If the Money Power that rules the world today is centred in the hands of individuals of a particular race

and creed, this fact should not inspire us with feelings of ill-will towards persons of that race. It is given to no man to control the accident of his birth. Each individual must be judged by his own actions and associations. In writing this book the author would gladly have omitted from his pages all reference to race and creed had it been in any wise possible for him to have done so. Nothing is further from the author's desire than to inspire his readers with feelings of hatred or aversion towards Jews because they are Jews. Christian history has been stained by horrible persecutions of the Jews and the most shocking outrage and brutality have been practised upon these unfortunate people. Hatred begets only hatred and makes bad go to worse. It is in no such spirit that we shall work out our salvation. Even a little reflection will suffice to show that the international money power, though markedly Jewish in its personnel, has yet sacrificed the bulk of the Jews as ruthlessly to its ambitions as it has sacrificed persons of other race and creed. Nor is that power exclusively Jewish by any means.

If by past persecutions, particularly on the Continent of Europe, persons of Jewish race have been driven into underground activity and combination, and have aspired to bring about a state of things whereunder they may dominate not only their former oppressors but the people of all nations, we would be foolish in the extreme to close our eyes to the evidence of such conspiracy. Our desire, and our right, is for freedom to live our lives in our own way, and not in subjection to an alien force subduing our institutions to its will.

* * * *

We must face the fact that monopoly and freedom are ill-matched bedfellows. The legalised monopoly given to gold is a canker which has eaten at the heart of free institutions. It has become the parent of innumerable lesser monopolies in subjection to it. It is the mainspring of the force driving men on to socialism. And socialism under present conditions is likely to mean little more than the total subjection of the people to the money power. Controlling the executive of a socialised state that power will then control everything. The collaboration of international finance and international revolutionaries in the production in Russia of the phenomena known under the name of Bolshevism has provided a

very real and present instance of what this means.

Many sincere and self-sacrificing people have pinned their faith to Socialism as the hope of humanity. It is an idle hope so long as the commerce of the world is directed by centralised gold control, and so long as Socialism is pursued by paths meaning the piling of illimitable and completely unpayable debt upon the backs of the people. And that is the direction in which each instalment of Socialism has so far taken us.

Many equally sincere persons are of opinion that freedom and progress will best be found under private enterprise and free competition. Private enterprise and free competition can only exist among a people that is free. The gold monopoly has prevented the monetisation of wealth and has caused a purely artificial scarcity of the means of payment. Competitive effort is strangled under it, and all over the world, in every country, the small capitalist is being slowly but surely pushed to the wall and crushed out of existence. Soon all that will remain will be great non-competitive trusts and rings, all in total subjection to the money power. No sincere believer in private enterprise can be a supporter of monopoly. Yet what do we find in this country? It is forbidden by law to start a bank without great expense and a special act of Parliament, the money monopoly is buttressed by law in every way. At the same time in almost every trade and profession, are rings, combinations and close corporations, all set up and designed expressly to check competition and strangle enterprise. The predatory nature of these institutions and their failure to render adequate service for the reward they demand is more than anything else driving the people to seek relief in socialism. It is because advocates of private enterprise and free competition have been faithless to what they preach that this system is now detested by thousands upon thousands of the people.

The money monopoly is the parent of all other monopolies, and it cannot be too earnestly attacked by all who desire to see the survival of free institutions. The Fisher stabilisation plan is no more than an immediate practicable means of escape from an intolerable position. It is but a first step towards better things, and to no question can the student turn his attention with more profit to his fellows than to mastery of the problem of providing a medium of exchange adequate to the needs

of our present civilisation. We have everything in the world needed to make us happy and prosperous, but misery and wretchedness stalk abroad because we lack the means of getting this wealth round where it is needed.

* * * *

At the moment our immediate problem is to cope with a situation full of menace to the future of our country, to our race, and to the free institutions that are our heritage. The very freedom of those institutions lays them widely open to attack by the underground conspiracy of a handful of persons operating in collusion in different countries. Their defence is the defence of all that every right-thinking man holds dear in this world. It is a cause in which we can gladly enlist the utmost that is in us, and in the service of which the fate of the individual shrinks to nothingness. The first step is to seek out and know the truth, and thereafter with all our wit and skill to discern the path to security and unflinchingly to pursue it.

It is in the hope that what he has written may be of some slight service to his countrymen that the author now lays down his pen.

POSTSCRIPT.

The course of events since this book was written at the beginning of 1931 has provided much additional evidence of the truth of the matter assembled in it. In particular, the stabilisation of money in purchasing power, two years ago regarded as little more than the hobby of cranks, is now receiving support all over the world.

In Britain a Government Committee on Finance and Industry, composed mainly of bankers and presided over by Lord Macmillan, admitted in a report presented to Parliament in June, 1931, that "the recent world-wide fall of prices is best described as a monetary phenomenon." It declared that the objective of monetary policy should be "first of all to raise prices a long way above the present level and then to maintain them at the level thus reached with as much stability as can be managed."

Although the Macmillan Committee recommended the maintenance of the gold standard, yet within three months of its report Britain was obliged on September 21, 1931, to go off gold in order to avoid almost immediate bankruptcy on it. The return to the gold standard in 1925 had been made on the precarious basis of gold borrowed from America, and American pressure resulted in its abandonment. Tersely summing up the situation, Mr. J. F. Darling, a director of the Midland Bank, wrote in his pamphlet "Monetary Leadership" (Ernest Benn, 1932) that "the Federal Reserve Bank of New York refused to lend us any more money because our balance-sheet did not warrant it. Britain's cheque was refused. That is the plain English of it."

Since the abandonment of gold the pound sterling has been inconvertible paper money. The sole discernible objective in its regulation appears to be to maintain it at a more or less steady value against the dollar. This means that Britain in monetary matters still trails along as the poor relation of the United States and is dragged from pillar to post into whatever depths of deflation the controllers of American finance choose to go.

Although Mr. Neville Chamberlain as Chancellor of the Exchequer apparently hankers after a return to gold, it is worth noting that the British Conservative Party, at its national conference attended by 1700 delegates, in October of this year resolved against any such step back to gold slavery, and urged the Government to consult the Dominions with a view to stabilising the purchasing power of money within the Empire on the basis of an index scale of wholesale commodity prices. This is in line with the policy advocated in this book.

In June last the London Chamber of Commerce, representing 60,000 firms and companies, issued a "Report on Monetary Policy" supporting the same principle. It stated: "The currency must be backed by real wealth, i.e., commodities with a market value: that backing must not be one commodity, the value of which, in terms of other commodities, can be made to fluctuate widely, either through scarcity from natural causes or through being cornered."

In October, 1931, it was announced that the Riksbank of Sweden, which controls the currency of that country, had tentatively decided to aim at stabilising it in purchasing power on a commodity basis. Information is lacking as to how far, and with what success, it has pursued this policy.

More recently the United States House of Representatives on May 2 last passed the Goldsborough Stabilisation Bill by 289 votes to 60. The bill was subsequently rejected by the Senate and so failed to become law. It is notable, however, as being the first measure to be approved by the people's representatives in the legislature of a great nation directing the restoration of the purchasing power of the people and the maintenance of money at a steady level against commodities. The principal clauses of the bill read as follows:

"It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labour in the wholesale commodity markets for the period covering the years 1921 to 1929 inclusive shall be restored and maintained by control of the volume of credit and currency. The Federal Reserve Board, the Federal Reserve Banks and the

Secretary of the Treasury are hereby charged with the duty of making effective this policy."

In moving the bill the chairman of the House Banking and Currency Committee, Mr. Henry B. Steagall, said:

"Mr. Speaker, this bill represents years of careful study and mature deliberation, and it is reported with the unanimous judgment of the Banking and Currency Committee of this House. . . . No legislation since I have served on that committee was ever more fully discussed or more seriously and thoroughly considered.

"The proposal is not radical. It is not extreme: it is not dangerous. It is conservative and constructive. It comes before you with a unanimous report of the committee, after hearing discussions by many of the ablest economists of the country, by members of the Federal Reserve Board, and by persons in other positions of high authority. It is backed by nation-wide sentiment among farmers and business interests throughout the country."

Mr. Steagall pointed out that in 1920 and 1921 they had seen the power of control possessed by the Federal Reserve exercised in currency contraction and credit restriction to the extent of about \$2,000,000,000 with the result that prices were cut in half and confusion and distress reigned. Then the policy was reversed and expansion and liberal credit substituted, and prosperity revived for a number of years. In 1929 again there was another horrible contraction of currency and credit with a consequent decline in commodity prices that brought depression and panic and a wave of bank failures and bankruptcy to all classes.

Although passed by a majority of nearly five to one by the House, the Goldsborough Bill was rejected without a division by the Senate. The "New York Times" (see page 95) stated that even had the Senate passed the bill President Hoover was certain to veto it.

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Although the Macmillan Committee in its main report looked to international monetary control to remedy the depression, six of its fourteen members saw no difficulty in action by an individual State. Included in that six were Mr. Reginald McKenna, chairman of the Midland Bank, and Mr. Keynes, the most quoted British

monetary authority of the day. In their addendum they said:

"Theoretically the most obvious and comprehensive method of effecting the desired object [of adjustment to the slump] would be to leave money incomes alone but to change the monetary standard. . . This would bring the direct, initial benefit to those industries which need it most, namely to the foreign trade industries. It would involve no interference with contract. . . It would affect every class of income without the necessity of any other especial measures. For a country which was not an international banker and was not owed large sums from abroad fixed in terms of sterling this would be the simplest solution."

That paragraph appears under the heading "Devaluation," which term is synonymous with "inflation", "reflation", and "depreciation of the currency". Of the various terms "reflation" carries more meaning and signifies a reversal of deflation until normal conditions are restored. At this point is it not inappropriate to insert a brief passage from the evidence of Professor Irving Fisher, the famous American economist, given in March last on the Goldsborough bill:

"It is discouraging and sickening to read all that stuff spouted by the inerdite about the fear of an 'inflation'. They simply do not know anything about the real situation. They do not know where, when, nor how their own bread is buttered. Their policy has killed agriculture, and now the inability of agriculture to consume as well as to produce is killing all industry and investments."

Equally emphatic was another leading American economist, Professor Willford I. King, who occupies the chair of economics in New York University. Professor King in the course of his statement on the Goldsborough bill said he saw no economic difficulty at all in the way of any country raising its own price level to any point it desired. All that was necessary was to put more money into circulation until the desired point was reached and thereafter to regulate the quantity of money in circulation to keep values steady at that level. To regulate money scientifically would be something new, but Professor King said he failed to see that this was an objection. "Of course," he said, "the first man who went up in an air

plane was something new; and if you never begin you never get anywhere." If they were going to wait to get an agreement among all the nations of the world to stabilise they might just as well quit in his opinion.

Exchange rates would, of course, vary, and this alarmed some people. "I do not believe," said Professor King, "you can find a shred of evidence that variation in the exchange rate hurts trade." The statistics of trade between the United States and Europe in the 1920's when there was rapid variation in exchange rates lent no support to the view that these variations made trade better or worse.

The proof of the pudding is in the eating. Turning from theory to practice, one finds Argentina bearing witness to the advantage derived from the deliberate depreciation of its currency. In a memorandum published in London in July 1931 the Ministry of Finance recorded a great improvement in the trade balance. It was added:

"The depreciation of the peso, which stands at 26 per cent. on the par value, has been an important contributing cause of this improvement of the trade balance. It has stimulated exports by cheapening the cost of Argentine products [in other currencies] and has restricted imports by making them dear in terms of pesos. This is the outcome of deliberate policy, for the new Ministry of Finance has throughout taken care to prevent any appreciation of the currency which would have hindered the export trade and encouraged imports."

In Australia currency depreciation has taken place to some extent as the result of Government deficits, and the Australian pound has thus been maintained 25 per cent. nearer to the pre-slump level than sterling. This has considerably eased the situation in that country and been a substantial benefit to the primary production on which depends the national solvency.

The policy so far pursued in New Zealand has been in the opposite direction, and at the time of writing the Government is committed to a policy of maximum deflation by means of a proposed central banking company to be established on the basis of parity of exchange with sterling. This private corporation is to be set up on the advice of Sir Otto Ernst Niemeyer to "form a link with the other central banks of the world."

In Britain a considerable body of opinion now exists that no particular benefit to the public is resulting from the intimate contacts established between the central banks of the world. Mr. Montagu Norman, Governor of the Bank of England, still travels as diligently as ever to consult the Federal Reserve in New York, and foreign financial interests are still as strongly represented on the directorate of the Bank of England. Lord Beaverbrook in his newspapers, the "Sunday Express" and "Daily Express", in May last was, however, courageously urging a national campaign to throw the foreign bankers off the board and to restore the money power to Parliament.

* * * *

The chief central bank of the world is the United States Federal Reserve system. Nothing is more remarkable in the evidence of the numerous witnesses on the Goldsborough bill than their general distrust of that institution and disbelief in any genuine desire on the part of those controlling it to relieve the present depression.

Even ex-Senator Owen, who in 1913 as chairman of the Senate Banking and Currency Committee had sponsored the Federal Reserve Act itself, declared that the slumps of 1920 and 1929 had both been precipitated by the "deliberate contraction of credit."

Mr. Owen was of opinion that if improvement was desired the Federal Reserve authorities must be directly ordered to restore conditions to normal. Professor King, already quoted above, was of similar opinion: that unless it was mandatory "they will do nothing whatever about it." Professor Irving Fisher recalled that the Federal Reserve had been created to function as a common reservoir for the banks in times of emergency: in practice when the emergency came the tap was turned off at the reservoir and the banks were worse off than before they had pooled their resources.

On January 24th last Mr. Paul M Warburg, a prominent founder of the Federal Reserve system, died in New York in his 64th year. According to the "New York Times" his death followed on "overwork, the result of a strenuous summer spent in following the European crisis."

Through the present deflation the Governor of the

Federal Reserve Board has been Mr. Eugene Meyer. According to the "New York Journal" of January 19 last Mr. Meyer is 56, and is the son of a successful Jewish stockbroker of California, formerly a partner in the international banking house of Lazard Freres, in which Mr. Meyer himself served his apprenticeship. During the war he was associated with Mr. Bernard M. Baruch, who as head of the War Industries Board was the war dictator of America and controlled the delivery of supplies to the Allies. Mr. Meyer was also stated to be controlling the Reconstruction Finance Corporation, recently set up by Congress, and the Land Bank system. It should be noted that the Federal Reserve system in addition to the Board includes a powerful Advisory Council and twelve regional Federal Reserve Banks. Responsibility for its policies is thus not readily located by outsiders.

The Federal Reserve system has been trenchantly attacked in Congress during the past year by Mr. Louis T. McFadden, for twelve years up to 1931 chairman of the House of Representatives Banking and Currency Committee, and thus in a position to know what he is talking about. Mr. McFadden is a Republican (Conservative) in politics and is an ex-president of the Pennsylvania Bankers' Association. In opposing President Hoover's policy of relieving Germany of her obligations Mr. McFadden in Congress on December 15 last spoke as follows:

"If the German international financiers of Wall Street . . . had not had this job waiting to be done, Herbert Hoover would never have been elected President of the United States . . . I wish to emphasise the fact that international finance is almost exclusively German. . . After the world war Germany fell into the hands of German international bankers. . . There is no country in the world to-day of which the inhabitants are so enslaved as are the Germans. . .

"Through the Federal Reserve Board and the Federal Reserve Banks over \$30,000,000,000 over and above the German bonds that have been sold here has been pumped into Germany. . . The Federal Reserve Board and the Federal Reserve Banks have pumped so many billions of dollars into Germany that they dare not name the total.

"Do you know that Germany has been lending our money to Soviet Russia as fast as she could get it out of this country from the Federal Reserve Board and banks? Do you know that she is the author of the Five-Year Plan; that she has armed and supplied Soviet Russia with our money? Do you know that Germany and Soviet Russia are one in military and industrial matters . . . I say that the Federal Reserve Banks have purchased and rediscounted false, worthless, fictitious and uncollectible acceptances drawn in Germany. . . . The Government's money in the designated depositaries is gone, leaving nothing but this worthless paper behind it."

Referring to the New York Stock Exchange collapse which initiated the present slump, Mr. McFadden said: "It was not accidental. It was a carefully contrived occurrence. . . The international bankers sought to bring about a condition of despair here so that they might emerge as the rulers of us all."

* * * *

In passing it may be noted that the opinion that the Hoover moratorium was designed mainly to benefit Germany was strongly voiced by various speakers in a warm debate in the French Chamber of Deputies on June 26, 1931. It was pointed out that under the Young Plan for the payment of German Reparations it was necessary for the German Government to give 90 days' notice of intention to default, whereupon commissions of investigation at once came into action to assess what relief was needed. By having President Hoover intervene the Germans were enabled to default without investigation. Furthermore, the time chosen was significant: on June 15 Britain and France paid their half-year's interest on the American debt; on June 17 Germany announced that she could not pay; and on June 20 President Hoover issued his moratorium proposal. Thus immediately the cash had been extracted from the former Allies things began to happen.

Within a few weeks a financial crisis followed in Britain consequent on these proceedings, and the Government to keep going secured an immediate foreign loan, half from America and half from France. According to a speech made on August 26, 1931, by Dr. Addison, Minister of Agriculture in the Labour Cabinet; a condition

imposed by the financiers finding the money was that no economy made by Britain would be satisfactory unless it included a reduction in the allowance to a man out of work from 17s to 15s 4d a week. Dr. Addison said that according to the reports made to Cabinet the demand was very emphatic. It was perfectly fair, he considered, for the lenders to say that the Budget should be balanced, but it was utterly unconstitutional to have them dictate to the Government and Parliament in what way the nation should economise.

Mr. Ramsay MacDonald impressively and indignantly denied that there had been dictation by the Bank of England: the officers of the Bank, he said, had merely advised the Government of the conditions on which a loan could be obtained. As Dr. Addison had not alleged dictation by the Bank of England this seeming denial really denied nothing.

Why should foreign financiers desire to hit the poorest class in Britain by cutting down their pittance? If they desired to promote discontent and pave the way to revolution their action would be intelligible. It is not intelligible otherwise so far as the writer can see.

* * * *

Mr. McFadden's allegations concerning the acceptance of worthless European paper by the Federal Reserve system were confirmed within a few months of his speech by the revelation of the colossal Kreuger frauds. The means by which these operations were conducted were described at length by Mr. McFadden in a speech in Congress on June 10 last in the course of which he said: "Mr. Chairman, we have in this country one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board and the Federal Reserve Banks. This evil institution has impoverished and ruined the people of the United States; has bankrupted itself; and has practically bankrupted our Government."

Mr. McFadden proceeded to declare that these institutions had been established by bankers who came from Europe and foisted them upon the country. These bankers, he said, took American money to finance Japan in her war against Russia in 1904-05. He added: "They created a reign of terror in Russia with our money to help that war along. They instigated the separate peace between Germany and Russia, and thus drove a wedge be-

tween the Allies in the World War. They financed Trotsky's mass meetings of discontent and rebellion in New York. They paid 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. . . ."

Pointing out that not a dollar could get into circulation in the United States except on terms fixed by the Federal Reserve Banks, Mr. McFadden dwelt at length on the abuse possible in the issue of Federal Reserve notes. These notes can be issued against 40 per cent. of gold and 60 per cent. of commercial paper. Great quantities of United States currency, he said, had been thus issued against mere finance drafts drawn by Germans. "If you desire to obtain the thing of value upon which this currency is based," said Mr. McFadden, "that is, the Limburger cheese, the whisky, the illicit drugs, or any of the other staples—you will have a very hard time finding them. Many of these worshipful commodities are in foreign countries. Are you going to Germany to inspect the warehouses to see if the specified drugs are there? I think not. And what is more I do not think you would find them if you did."

"The Government and the people of the United States have been swindled by swindlers de luxe," declared Mr. McFadden, "to whom the acquisition of American gold or a parcel of Federal Reserve notes presented no more difficulty than the drawing up of a worthless acceptance in a country not subject to the jurisdiction of the United States Courts, sharpers with a strong banking 'fence' on this side of the water—a fence acting as receiver for the worthless paper coming from abroad, endorsing it and getting the currency out of the Federal Reserve Banks for it as quickly as possible, exchanging that for gold; and in turn transmitting the gold to its foreign confederates.

"Such were the exploits of Ivar Kreuger. . . . Every dollar of the billions Kreuger and his gang drew out of this country on acceptances was drawn from the Government and people of the United States through the Federal Reserve Board and Federal Reserve Banks. The credit of

the United States Government was peddled to him by the Federal Reserve Board and Federal Reserve Banks for their own private gain. That is what the Federal Reserve Board and the Federal Reserve Banks have been doing for many years. They have been peddling the credit of this Government and the signature of this Government to the swindlers and speculators of all nations. That is what happens when a country forsakes its constitution and gives its sovereignty over public currency to private interests. Give them the flag and they will sell it."

Coming from the Republican Party's ex-chairman of the House Banking and Currency Committee, these are remarkable statements indeed. Nor is Mr. McFadden by any means alone in his views.

In the Paris newspaper "Le Figaro" in April last the far-flung activities of certain Jewish-American financiers were dealt with at length in a series of five articles by M. Francois Coty under the heading "Financiers who Sport with the World." To this source M. Coty traced the American policies imposed upon Europe by which France is to be deprived of the German indemnities which are her right and of the arms which she needs to defend herself against the new German-Russian aggression which is menacing her. The connections between international finance and revolutionary movements in all parts of the world were also dealt with in detail by M. Coty.

Evidence of the existence of a virtual alliance between Germany and Russia is given by Mr. Cecil F. Melville in a book published a few months ago, "The Russian Face of Germany" (Wishart, London, 1932). According to Mr. Melville, Germany since 1920 has used Russia as an arsenal for war materials (in convenient agreement with the Five-Year plan), as a field for military training, and as a prospective ally with an enormous army trained on modern lines outside the supervision of Europe. Mr. Melville has assiduously collected information from German and Russian sources throwing light on these matters and he quotes his authorities. As one reviewer remarks, if one-half of what he says is true the present talk of disarmament is a farce. Britain and France could commit no more perilous folly than to render

themselves defenceless while Germany is being thus used as a tool in the hands of Bolshevism and international finance.

There has been much comment on the fact that Russia has been freely supplied with funds from abroad for the prosecution of the Five-Year Plan. For instance, Mr. James W. Gerard, American Ambassador to Germany during the war, stated on September 18, 1931, after a visit to Europe, that Germany "did not need any financial assistance, and that a large percentage of the loans from the United States was lent to Russia." Mr. Gerard added: "If we're going to do business with Russia let us do it directly and not through Germany which has arranged to give Russia millions of dollars' credit to purchase commodities in Germany."

The London "National Review" in April last recorded that whereas Britain in the previous five years had imported goods to the value of £135,000,000 from Russia, her exports to Russia in the same period totalled only £25,000,000, and even this had been sold on credit. The balance Russia had apparently expended on purchases made in other countries.

In the third edition of "The Alien Menace" (Boswell Publishing Coy., London, 1932) Lieut.-Col. A. H. Lane quotes the following from the "British Russian Trade Gazette and Outlook" for December, 1931: "It must be ironic for them (British manufacturers) to view the forced cessation of work on the giant Cunard liner, which is attributed to this country's 'frozen' credits in Germany—credits which have been used in great part by Germany to finance orders from Russia. During 1931 orders amounting to £45,000,000 have been placed with German firms by the Soviet buying organisations."

Colonel Lane further wrote: "Though the Communists profess to hate Capitalism and order their paid agents in England to cry 'Down with the Capitalists', the leaders in Russia never fail to give the international financiers a hearty welcome whenever they visit the U.S.S.R. When Felix M. Warburg, of New York, visited Russia in 1927 he had a great reception, and the speeches delivered on that occasion indicated that the Bolshevist leaders and the leaders of world finance understood each other very well, that their aims were not dissimilar, and altogether they were a united family working in their respective

ways for a common end." According to M. Coty in the "Figaro", the wife of another partner in the firm of Kuhn, Loeb and Company was received in Russia in June, 1931, with ceremonial exceeding that on the occasion of the Russian visit of King Amunallah of Afghanistan, and the Red Army lined the streets at the present arms.

* * * *

It is worth noting that among the manifold activities of the Schiff-Warburg group of financiers has been a close association with the enormous Jewish migration from Europe to the United States. In "Jewish Life in Modern Times" (Methuen, London, 2nd edition, 1929) Mr. Israel Cohen points out that the migration of the Jews in recent times "far exceeds that of their previous history." From statistics quoted by him it appears that in 1897 the total Jewish population of the world was 10,342,000: in 1928 it was 15,218,734. In 1897 there were in North and South America 986,000 Jews, and in 1928 this number had increased to 4,640,748, of whom about four million were in the United States, the largest number of Jews in any one country in the world. Mr. Cohen added:

"The city of New York alone contains 1,873,390 Jews who form 23 per cent. of the total population. It can boast not only of the largest Jewish community in the world, but of the largest known in the entire annals of Jewish history." We are further told that Chicago has 325,000 Jews (which is more than Great Britain), and in eleven of the principal cities of the United States is concentrated about three-quarters of the total Jewish population of that country. In Australia and New Zealand there are 24,189 Jews, of whom 8000 are in Sydney and 6000 in Melbourne.

A prominent organisation in connection with this migration has been the Jewish Colonisation Association. This was founded and endowed with £11,000,000 by Baron Maurice de Hirsch, an Austrian Jewish financier long resident in Paris. Associated with him was Sir Ernest Cassel, and in 1891, according to M. Coty in the "Figaro", an American branch was formed under the sole and independent management of the late Mr. Jacob Schiff. Baron Hirsch started this off with a gift of £493,000, and it later acquired colossal funds.

It is curious to reflect that the actual transportation of this Jewish addition to America's population was largely in vessels of the Hamburg-America and North German Lloyd lines, both controlled by the banking house of Warburg and Company of Hamburg.

Persecution, Mr. Cohen tells us in his book already quoted, has been the principal cause of the dispersion of the Jews. Of that dispersion the Jews themselves take two views. The orthodox regard it as a divine punishment for past transgression, and believe in the coming of a personal Messiah and the return of the Jews to Palestine. The Reformers, on the other hand, regard dispersion as the Jews' final lot, and as "the divinely appointed means for universalising the teachings of Judaism."

The world to-day, however, provides a spectacle of a great concentration of Jewish power. In New York there is the concentration of Jewish financial power dominating the entire world in its material affairs, and side by side with it is the greatest physical concentration of the Jews ever recorded. On the other side of the globe, there has taken place in Russia the greatest concentration of Jewish revolutionary activity in all history.

"When we sink we become a revolutionary proletariat, the subordinate officers of the revolutionary party; when we rise, there rises also our terrible power of the purse." So wrote Theodor Herzl, founder of the Zionist movement, in his book "A Jewish State", published thirty-six years ago.

The enormously significant thing in the world to-day is that both this power of the purse and revolutionary activity are working in the direction of destroying the entire existing order of things, and that not only are they working in a common direction, but there is a mass of evidence that they are working in unison.

* * * *

As some readers have asked for further evidence of Jewish participation in the Russian revolution, it may be pointed out that in a British Foreign Office White Paper issued in April, 1919, is a despatch from the Netherlands Minister at Petrograd under date of September 6, 1918, in which occurs the following passage:

"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 Europe and the whole world, as it is organised by Jews who have no nationality and whose one object is to destroy for their own ends the existing order of things."

Such was the opinion of one observer on the spot after the Bolsheviks had been in power for twelve months. In evidence given before a committee of the United States Senate, the Rev. Dr. G. R. Simons, formerly in charge of an American congregation at Petrograd, stated that in December, 1918, out of 388 members of the government of the northern communes only 16 were real Russians and all the rest Jews, except one American negro, and that 265 of these Jews came from the lower East Side of New York. Another witness, the commercial attache of the United States Embassy at Petrograd, described the revolutionary leaders as two-thirds Jews, and an officer of an American bank in Petrograd said it was well known in Russia that three-fourths of the Bolshevik leaders were Jews. This evidence was taken in 1919 and is in Vol. III of U.S. Senate Document No. 62, 66th Congress, 1st session.

In the London "Times" of May 10, 1920, a correspondent stated that a list of the principal State functionaries of Russia compiled from Soviet sources showed that out of a total of 556 no less than 458 were Jews and only 17 Russians, the rest being Letts, Germans, etc. Innumerable books by eye-witnesses of the revolution remark on the preponderance of Jews among the leaders, and many comment on their conduct as that of invaders in a conquered country.

According to Bolshevik figures, as published in the London "Times" of September 1, 1922, "the Tcheka executed 1,766,118 persons before being renamed the supreme political organisation last February." Estimates of the total loss of life in the revolution, including that consequent on starvation and disease, put it at upwards of twenty millions.

In his book "The Soviet Five-Year Plan" (Lane, London, 1931) Mr. H. R. Knickerbocker says: "The terror has become a permanent institution. . . It is much

more active to-day than three years ago. . . Methods of the terror heighten its dreadful effect. All arrests are made between midnight and the dawn. . . Most prisoners are condemned by the collegium of the G.P.U. [secret police] without trial, without witnesses, without a chance to defend themselves. . . Their execution is in secret, their burial places unknown. The G.P.U. allows no martyrs." Mr. Knickerbocker adds that under the G.P.U. "the nerve net of the most extensive and intensive espionage system in history reaches almost to each individual family in Russia."

In his book "Art Treasures in Soviet Russia," Sir Martin Conway records that although treated most kindly in Russia, he experienced a feeling on departing into Finland as though a great weight oppressing him had been removed. He did not notice this feeling on entering Russia, but as the days passed it slowly accumulated. "The sense of freedom gradually disappeared. Though everyone was kind one felt the presence of an oppression, not on one-self, but all pervading. Never have I felt so completely a stranger in a strange land; with successive days what at first was a dim feeling took more definite shape and condensed into an ever-increasingly conscious oppression."

The highly international outlook of the rulers of Russia is evidenced by their ceaseless propaganda with a view to promoting revolution throughout the world. Such an obsession is foreign to the Russians, but entirely characteristic of the international Jewish revolutionary. The total expenditure upon this propaganda must be enormous. That it should be possible to pursue it contemporaneously with the stupendous task of industrialising Russia is in itself evidence of the unlimited financial resources behind Bolshevism.

Summed up, the position is that international finance, by enticing the world into enormous debts and then withholding the means of payment, is goading mankind into the arms of the international revolutionaries established in Russia. The remedy is to take away the goad by restoring the means of payment. And the place to begin is here at home in our own country.

A. N. FIELD.

October 31, 1932.

APPENDIX.

(1) BRITISH v. CONTINENTAL FREEMASONRY.

The references to Masonic activities in this book are to the Grand Orient Freemasonry of the Continent of Europe. This is quite distinct from British Freemasonry, which is not connected with it in any way. As the Encyclopædia Britannica (1929 Edition) states: "On the Continent of Europe Freemasonry has often developed on different lines from that of the 'Mother Grand Lodge' and Anglo-Saxon grand lodges generally, and through its political and anti-religious tendencies has come into conflict with the State authorities or the Roman Catholic Church. The Grand Orient of France . . . is an example of this, having eliminated the paragraph referring to a belief in the 'Great Architect of the Universe' . . . This action led to the withdrawal of all 'regular' grand lodges from association with that body. . . ."

"Since 1910 events have proved that the breach between Latin and Anglo-Saxon Masonry was based on a fundamental divergence of opinion as to the basic principles on which the Order rests, and that this breach tends to grow wider year by year. The disastrous results of interfering in politics have been shown by the fact that the Italian and Hungarian Governments have declared Freemasonry to be a danger to the State and have suppressed it within their jurisdictions. In France opposition to the political activities of the Grand Orient culminated in 1914 in the formation of a new body, 'Grande Loge Nationale Independante et Reguliere pour la France,' which avoids politics and insists on belief in God. This body, which has increased rapidly in numbers, is recognised by the Grand Lodge of England. At the same time, one by one, most of the American grand lodges which were still in fraternal relations with the Grand Orient have felt compelled to sever relations."

(II) "THE ALIEN MENACE."

A strong protest against the unnecessary employment in the British public service of persons of alien descent was made by Lieut.-Col. A. H. Lane in 1929 in his book, "The Alien Menace" (St. Stephen's Publishing Company, London).

From a copy of this book in the Parliamentary Library, Wellington, the following instances quoted by Lieut.-Col. Laue were noted:

Sir Otto Ernst Niemeyer.—"Obviously of German descent—married also to a lady of the same name—this gentleman was an important functionary at the Treasury from 1906 until 1927. He was Controller of Finance from 1922 to 1927, and during that period, in 1924, he was also a member of the German Reparations Committee. On leaving the Treasury he became a director of the Bank of England, and in 1928 chairman of the Financial Committee of the League of Nations." [In this latter office Sir Otto Niemeyer was last year succeeded by Dr. Melchoir, partner in Warburg's Bank, Hamburg.]

Sir Charles Mendl.—In charge of the Foreign News Service since 1920, and now a Counsellor of the British Embassy at Paris.

Sir Sigmund Dannreuther.—Deputy Secretary of the Air Ministry.

Sir Ernest Strohmenger.—Principal Assistant Secretary and Accountant-General to the Ministry of Health.

Mr. Berthold Schlesinger Kisch.—Controller of the Local Clearing House (Enemy Debts) and administrator of Austrian and Hungarian property in India since 1920.

Mr. Cecil Hermann Kisch.—Secretary of the Financial Department of the India Office since 1921.

In the case of Sir Otto Niemeyer, Lieut.-Col. Lane noted that a London periodical in August, 1921, had published what purported to be a correspondence between the late Dr. Ellis Powell, then editor of the "Financial News," and Mr. Bonar Law, then Chancellor of the Exchequer. From this it appeared that under date of December 18, 1918, Dr. Powell had asked whether certain Germans named Niemeyer (vide London "Times," December 5, 1918, p. 9), had "a near relative occupying a high position in the Treasury and married to a German wife."

In answer to that question, Mr. R. M. Gower, writing five days later from Treasury Chambers, Whitehall, said: "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 national interest that Mr. Niemeyer should hold the post which he occupies in the Treasury."

In two further letters Dr. Powell pointed out that no answer had been given to his question, which question Col. Lane repeated, saying:

"I make no reflection on the integrity and personal character 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."

Attention was further directed by Lieut.-Col. Lane to the remarkable fact that of the "accredited and recognised teachers" of the London School of Economics no less than one-third "appear by their names not to be pure-blooded Britishers." This institution was founded by Mr. Sidney Webb, now Lord Passfield and Secretary of State for the Dominions in the present British Government. The names of the teachers referred to and the subjects taught by them were stated to be as follows:

Frederick Rudolf Mackley de Paula, O.B.E. (Accountancy and Business Method).

Edith Verena Eckhard (Sociology).

Hermann Finer (Public Administration and Political and Economic Science).

- Morris Ginsberg (Sociology).
 Theodor Emanuel Gugenheim Gregory (Currency and Banking).
 Harold Joseph Laski (Political Science).
 Hersch Lauterpracht (International Law).
 Bronislaw Malinowski (Anthropology).
 Alexander Felksovich Meyendorff (Russian Institutions and Economics).
 Charles Gabriel Seligman (Ethnology).
 Sir Henry Herman Slessor (Schloesser), K.C., M.P. (Industrial Law).
 Edward Alexander Westermarck (Sociology).
 Abraham Wolf (Logic and Scientific Method).

"There are also," remarked Colonel Lane, "citizens of the U.S.A. among the remaining 'accredited and recognised teachers' in this institution, which receives from the British Government a grant of £40,000 a year." As Colonel Lane remarks, one wishes to make no reflection on the competence of the above persons, but it is difficult to believe that equally competent teachers of more distinctly British blood are not available for the instruction of British youth in the conduct of British commerce.

(III) WHO'S WHO: PERSONS MENTIONED IN THIS BOOK.

- Belloc, Joseph Hilaire Pierre.**—Born 1870. Author. Born in France, his father being French and his mother English. Naturalised in 1902. M.P. for Salford, 1906-10, first as a Liberal then as an Independent. Author of novels, essays, histories, etc.
- Buchanan, Rt. Hon. Sir George.**—Born 1854. British Minister to Bulgaria, 1903-08; to Holland, 1908-10; to Russia, 1910-18; to Italy, 1919-21. Retired from the Diplomatic Service in 1921.
- Cagliostro, Count Alessandro.**—1743-1795. Italian alchemist and impostor. A purveyor of love philtres, elixirs of youth, etc. Much patronised by persons of fashion in London and Paris. W. R. H. Trowbridge in his biography ("Cagliostro"—Chapman & Hall, 1910) states that Cagliostro was a member of the Illuminati and was financed by them. He was intimate with Cardinal de Rohan, victim of the Diamond Necklace affair in 1785, and was arrested but acquitted. He died in prison in Italy. Cagliostro is said by Trowbridge to have signed an oath on admission to the Illuminati to engage in conspiracy against the throne of France.

The affair of the Diamond Necklace is generally regarded as the prelude to the French Revolution. The Jewish Court jewellers, Boehmer and Bassange, had on hand a diamond necklace which they had failed to sell to Madame Du Barry before the death of Louis XV. Cardinal de Rohan had taken as his mistress a so-called Countess de Lamotte. The countess pretended intimacy with the Queen and by forged letters led the Cardinal to believe that the Queen was in love with him. The Cardinal was even met at a rendezvous by a lady whom he supposed to be the Queen. Later he received through the

Countess a message saying that the Queen wished to buy the necklace for £56,000, but it was inconvenient to find the money at once, and she desired the Cardinal to stand surety for it and to procure the necklace for her. The Cardinal did so, handing the necklace to a confederate of the Countess, whom he supposed to be a court messenger. The necklace was pulled to pieces by the Countess and the diamonds sold. A year later the jeweller sought payment. The Queen declared she knew nothing of any necklace. The Cardinal, in debt to Jews, is unable to pay. The King is approached by the jeweller and is greatly enraged on learning the story, the Queen also is beside herself with indignation, and the upshot is that the Cardinal is arrested on August 15, 1785, in full pontificals just as he is about to celebrate high mass on Assumption Day as Grand Almoner of France. A trial follows in which public feeling is much inflamed against the Queen, who is thought to have set a trap for the Cardinal. The Countess is imprisoned, the Cardinal acquitted. Cagliostro, who had been intimate with the Cardinal, was accused of complicity by the Countess, but was acquitted. Various writers take the view that the affair was a diabolically clever plot to discredit the royal family in the eyes of the people of France, and point with suspicion to Cagliostro as a probable agent of the Illuminati of Bavaria.

Cassel, Prof. Gustav.—Born 1866. Swedish economist. Professor of economics at Stockholm since 1904. His memorandum on "The World's Monetary Problem" attracted great attention at the International Banking Conference at Brussels in 1920. According to the "Encyclopædia Britannica" (1929 Edition) he is regarded as "one of the world's foremost authorities on foreign exchanges." Delegate at 1922 Economic Conference at Genoa; at International Chambers of Commerce Conferences, 1921 and 1922; and at International Economic Conference at Geneva, 1927.

Commons, Prof. John Rogers.—Born 1862. For many years Professor of Political Economy at the University of Wisconsin, appointed 1904. Expert agent of the United States Industrial Commission, 1901. One of the founders of the American Proportional Representation League, active in the National Civic Federation. Author of "The Distribution of Wealth," "Social Reform and the Church," "Proportional Representation," "Trades Unionism and Labour Problems," and contributor of many articles to magazines and economic journals.

D'Abernon, Lord.—Formerly Sir Howard Vincent. Born 1857. British representative on the Council of the Ottoman Public Debt, 1882; Financial adviser to Egypt, 1883-89; Governor of Imperial Ottoman Bank, 1883-89; Chairman of Dominions Royal Trade Commission; Ambassador to Germany after the war.

Dawes, General Charles Gates.—Born 1865. United States Ambassador to Great Britain. Connected with railway administration in early life. Was appointed Controller of the United States Currency under President McKinley, 1898-1902.

APPENDIX

- Then founded and became head of Central Trust Company of Illinois in 1902, a concern named as in the Money Trust in the Pujo Commission report of 1913. Had control of American transport in France during the war, and of disposal of war supplies on its conclusion. Was appointed Director of the Budget under President Harding. Elected Vice-President of the United States with President Coolidge.
- Dillon, Dr. Emile Joseph.**—Deceased. Formerly correspondent of the London "Daily Telegraph" abroad, constant contributor to leading English monthly reviews and was a foremost authority on foreign affairs.
- Fisher, Prof. Irving.**—American economist. Born 1867. Appointed professor of economics at Yale University, 1898. Chairman of many commissions dealing with public health, prohibition and labour. A foremost writer on monetary problems. In 1911 he formulated what is known as the Fisher Money Stabilisation Plan. Author of "Stabilising the Dollar" (1920), "The Money Illusion" (1928), and many other books.
- Ford, Henry.**—Born 1863. Founded the Ford Motor Co. in 1903 on 28,000 dollars capital. In 1926 the Company had assets of 1,000,000,000 dollars, and employed 200,000 people directly and an equal number indirectly. The company was built up by putting the profits back into construction. It is stated by the Encyclopædia Britannica (1929) to be entirely owned by Henry Ford and his son Edsel, the other shareholders having been bought out for 70,000,000 dollars in 1919.
- Harriman, Edward Henry.**—1848-1909. American financier and railroad magnate. At first associated with Stuyvesant Fish and the Illinois Central System. In 1898 he formed a syndicate with Kuhn, Loeb and Company to acquire the Union Pacific, then in the United States Government Receiver's hands. In 1901 he secured control also of the Southern Pacific. His abortive contest in 1901 with J. J. Hill for control of the Northern Pacific created one of the most serious financial crises even known in Wall Street. At his death his influence was estimated to extend over 60,000 miles of railways. The Encyclopædia Britannica says: "Harriman's methods excited the bitterest criticism, culminating in a stern denunciation from President Roosevelt in 1907."
- House, Edward Mandell.**—Born 1858. Commonly known as "Colonel" House, as an American courtesy title. A Texas planter. Was political adviser to several Texas Governors, but refused all office himself. Took a leading part in securing the nomination of Woodrow Wilson as Democratic Party candidate for the Presidency in 1912. Refused office in the Wilson Cabinet, but acted as adviser to President Wilson, who referred to him as "my independent self."
- Kahn, Otto H.**—Financier. Partner in Kuhn, Loeb and Company, New York. For biography refer to Chapter V.
- Kitson, Arthur.**—Born 1860. Chairman and managing director of the Kitson Engineering Co. (London) Ltd. Inventor of the Kitson Light now used in all British lighthouses and patentee of many inventions. Long President of the Banking and

- Currency Reform League. Author of "The Money Question" (1894) and many other books on money problems, and contributor of many articles to the "National Review," London "Times," etc.
- Ludendorff, General Erich.**—Born 1865. Chief of the German General Staff during the world war. Since the war has been associated with the Kapp "Putsch" and the Hitler movement against the present regime in Germany, which he asserts has placed that country under Jewish control.
- McKenna, Rt. Hon. Reginald.**—Born 1863. British politician and financier. Called to the bar in 1887. In 1895 entered Parliament as a Liberal. Financial Secretary to the Treasury (1905), President of the Board of Education (1908), First Lord of the Admiralty, Home Secretary, Chancellor of the Exchequer (1915). Went out of office with Mr. Asquith in December, 1916. In 1919 accepted the chairmanship of the Midland Bank. Extra Dreadnoughts were built against Germany during his period at the Admiralty, at which time H.M.S. "New Zealand" was given by New Zealand and H.M.A.S. "Australia" by Australia.
- Melchett, Lord.**—Formerly Alfred Moritz Mond. (1868-1930.) Born in Lancashire, son of Dr. Ludwig Mond (1839-1909), a German chemist who in 1862 went to England, and in 1873 with Sir Thomas Brunner founded the firm of Brunner, Mond and Co. The late Lord Melchett became a director of the Company in 1895 and succeeded his father as head of it and the Mond Nickel Co., the South Staffordshire Mond Gas Co., etc. Elected to Parliament in 1906 as a Liberal. Was First Commissioner of Works in the Lloyd George Ministry of 1916. Left the Liberal Party in January, 1926, as he disapproved of its new land policy. Founder of Imperial Chemical Industries and other huge combines since the war.
- Melchior, Dr. Carl.**—Partner in Warburg and Co., bankers, Hamburg. Chairman of the Financial Committee of the League of Nations, 1930. One of the six delegates representing Germany at the Peace Conference at Paris in 1919. Active in promoting the Bank of International Settlements founded in connection with the Young Plan for German reparation payments.
- Niemeyer, Sir Otto Ernst.**—Refer to Appendix II for biographical details.
- Passfield, Lord.**—Formerly Mr. Sidney Webb. Born 1860. Secretary of State for the Dominions since June, 1929. President of the Board of Trade, 1924. Long prominent in the Socialist movement as a member of the Fabian Society. Author of many books on trades unionism and industrial and social topics. Served on London County Council and Senate of University of London. Founder and for years chairman of London School of Economics. Started the "New Statesman" in 1913. Has sat on many Royal Commissions.
- Rasputin, Gregory Efimovitch.**—(1871-1916.) Russian monk. Son of a poor peasant. Because of his habits he was given the name of Rasputin, meaning "debauchee." In 1907 he was

introduced to the Tsarina and acquired great influence at court by means of spiritualistic seances, etc., and by his treatment of the sickly Tsarevitch. The appointment of an illiterate friend of his to be a bishop caused a great scandal in 1911, and the prestige of the Tsar and Tsarina was greatly lowered by their association with this dissolute and illiterate monk. Rasputin was assassinated at the Yussopoff Palace on December 15, 1916, by Prince Yussopoff and others who desired to rid Russia of him. In Chapter VII will be found the authority for statements that Rasputin was in Jewish pay and that a Masonic plot had been formed to use him to destroy Russia.

Reading, Marquis of.—Formerly Sir Rufus Isaacs. Born 1860. Son of Joseph Isaacs, merchant. Called to the bar in 1887. Elected to Parliament as a Liberal in 1904. Became Attorney-General in 1910, and in 1912 was given a seat in the Cabinet (the first time the holder of this office was ever so honoured). Then came the Marconi scandal. In this it was alleged that he had bought American Marconi shares on information not generally available to the public, at a time when the British Marconi Company (managed by his brother, Mr. Godfrey Isaacs) was negotiating a contract with the Government; and further that some of these shares were taken over by Mr. Lloyd George (then Chancellor of the Exchequer) and by the Chief Ministerial Whip. There were three reports made as the result of Parliamentary inquiry. The first report stated that the charges were absolutely untrue, and those who made them had no reason to believe them true. The second stated that if in the debate of October 11, 1912, it had occurred to the Ministers concerned to make a statement of the facts as disclosed in the libel action against "Le Matin" much misunderstanding would have been averted and the labours of the committee lessened. The third (minority) report stated that the Attorney-General had acted with "grave impropriety" in buying the shares in the circumstances, and had placed himself in a position in which his private interest might easily have been in conflict with his public duty. The same censure was applied to the Chancellor of the Exchequer and the Chief Ministerial Whip. The minority further considered that the reticence of the Ministers in the debate of October, 1912, was a grave error of judgment and lacking in respect for the House of Commons. A few months after this Sir Rufus Isaacs was made Lord Chief Justice, and given a peerage as Lord Reading. On the outbreak of war, states the Encyclopædia Britannica, he "assisted in the drafting and administration of those measures which saved England from financial ruin." He later went to America as a special financial envoy and negotiated the terms for war borrowing by which Britain agreed to pay back in gold on demand (in some cases three days' notice) the enormous sums she borrowed from the United States. In 1918 Mr. Lloyd George's Government appointed Lord Reading Viceroy of India. He was successively made Earl and Marquis. He is director of several newspaper companies and combines, and of the Mond Imperial Chemical

- Industries combine and the allied Financial Corporation of Great Britain and America, which is linked up with concerns named in the Pujo report of 1913 as included in the United States Money Trust.
- Schiff, Jacob H.**—(1847-1920.) For biographical details see Chapter V.
- Schuster, Sir Felix.**—Born 1854. Son of F. J. Schuster of Frankfort-on-Main, afterwards a merchant banker in London. Became Governor of the Union Bank of London in 1895, and holds many banking directorates in London. A brother, Sir Arthur Schuster, is a prominent scientist and during the war and since has been active in the direction of national research.
- Shibley, George H.**—Born 1861. Admitted to Illinois bar in 1887. Founded American Bureau of Economic Research in 1899, and in 1902 the National Federation for the People's Rule. Author of "The Elements of Law," "The Money Question," "The Monopoly Question," "Outline of Social Evolution," "The University and Social Problems," "The Trust Problem Solved," etc.
- Spring-Rice, Sir Cecil.**—(1859-1918.) British diplomat. Joined the Foreign Office in 1882, and after service in United States (where he formed a life-long friendship with Theodore Roosevelt) and elsewhere, was successively British Minister to Persia and Sweden, and Ambassador to the United States from 1912 to the end of 1917, when he was replaced by Lord Reading. He died unexpectedly at Ottawa on February 14, 1918, on his way back to England.
- Stamp, Sir Josiah.**—Born 1880. British economist. Was assistant secretary of the Inland Revenue Board from 1916 to 1919; then director and secretary of Nobel Industries, Ltd. In 1925 he became chairman of the London, Midland and Scottish Railway Co. Is a director of the Bank of England. Sat on Royal Commission on Income Tax, 1919; on Finance Arbitration Committee for Northern Ireland, 1923-24; on Committee on German currency and finance, 1924; on Court of Inquiry into Coal Industry, 1925; on Reparations Commission, 1929. Knighted, 1914.
- Steed, Henry Wickham.**—Born 1871. Successively London "Times" correspondent at Berlin, Rome, Vienna. Foreign editor of the "Times," 1914-17. Editor, February, 1919, to November, 1922. Was head of a special Government mission to Italy in 1918. Now editor of the English "Review of Reviews."
- Stoll, Sir Oswald.**—Born 1866. London theatre proprietor and manager. Chairman and managing director the Coliseum Syndicate and many other theatre companies. Author of "The People's Credit," 1919; "Freedom in Finance," 1918; "Broad-sheets on National Finance," 1920, and other books and articles on the same subject.
- Sydenham, Lord.**—Born 1849. Governor of Victoria, 1901-04; helped to reconstruct the War Office; secretary of Imperial Defence Committee; Governor of Bombay, 1907-13; has represented Britain on many missions abroad.

Warburg, Paul Moritz.—Originator of U.S. Federal Reserve Board, etc. (See Chapter V.)

Weishaupt, Adam.—(1748-1830.) Bavarian University Professor. Founded the Society of the Illuminati, May 1, 1776. This secret organisation aimed at the destruction of monarchy and the Church and the substitution of patriarchal rule. It is held by some that Frederick the Great and Voltaire may have been the concealed superiors, and that Frederick used it in his designs against France. Searches and arrests were made by the Elector of Bavaria in 1784. The Count de Mirabeau and other influential persons are said to have been members. The plans of the Illuminati have marked resemblances to those set out in the documents known as the "Protocols of the Learned Elders of Zion."

White, Arnold.—Born 1848. Author. Writer on social problems and colonisation, making many visits to Canada, South Africa and Russia. Acted for Baron de Hirsch in negotiating for land in Argentina for the settlement of Russian Jews. Was long an advocate of a strong navy. His books include "The Modern Jew," 1899; "The Hidden Hand," 1917.

Wolf, Lucien.—Born 1857. Journalist. Sub-editor and leader-writer on the "Jewish World," 1874-93. Foreign editor of London "Daily Graphic," 1890-1909. A frequent contributor to leading publications. Has been president of Jewish Historical Society of England, and W.M. of Authors' Lodge of Freemasons. Represented the Jewish community at the Peace Conference in 1919. Author of many books, including "The Myth of the Jewish Menace in World Affairs," 1921.

Young, Owen D.—Born 1874. Lawyer. Counsel for American General Electric Company, 1911. In 1913 was made a vice-president of the Company, and in 1922 became chairman of the board of directors. Organiser of the Radio Corporation of America, and connected with many other companies. Was appointed chairman of German Reparations Commission, 1929, which drew up what is known as the Young Plan now in force.

(IV) "HONOUR OR DOLLARS?"

The references on pages 97, 107 and 109 of this book to the British debt to the United States are instructive when read in conjunction with the matter in "Honour or Dollars?" (Australian edition: Angus & Robertson, 1929). In that booklet, published by the American Association Favouring Reconsideration of the War Debts, appears the following comment on the terms on which the British debt was funded:

"When by a strange combination of eagerness and financial or political ineptitude the American so-called debt was suddenly funded on terms which astounded the astute U.S. Treasury officials themselves, this extraordinary faux pas of the British Government, acting through its representatives, not only fastened a colossal burden upon the English taxpayer for this generation and two or three more to come, but also made the lot of every allied nation much harder."

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