

# THE BRIEF FOR THE PROSECUTION

By

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*Economic Democracy*

*Credit Power and Democracy*

*Social Credit*

*The Control and Distribution of Production*

*Warning Democracy, The Monopoly of Credit*

*Whose Service is Perfect Freedom, The Big Idea*

*Programme for the Third World War*

*The "Land for the (Chosen) People" Racket*  
etc.

## ERRATUM.

Page 85. Paragraph 2. for Currency is debased, and taxation is destruction read The currency is debased, and the tax-payer is robbed.

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## PREFACE

THE tendency to argue from the particular to the general is a special case of the sequence from materialism to collectivism. If the universe is reduced to molecules, ultimately we can dispense with a catalogue and a dictionary; all things are the same thing, and all words are just sounds—molecules in motion. That is the ultimate meaning of "Equality"—having no quality.

There is a close connection between this mental attitude and the curious failure to notice the outstanding feature of our time. We know that our society is very sick; some, at least, of the causes of the disease have been isolated; we observe the great difficulty which is experienced in obtaining effective action in any one country in regard to these social poisons; but we rarely devote any attention to the question which transcends in importance any other with which we have to deal on this earth. Why is it becoming *more* difficult to bring peace upon earth, and to make effective, goodwill between men? What is the dynamism which will encourage the conquest of the earth, the sea and the air, but will only permit the substitution of poverty by slavery? Why does the mouthing of the phrase "the Common Good" merely ensue in individual evil?

More particularly at this time, there is a tendency to exalt War into a cause instead of a symptom. The more closely the structure and psychology of war is studied, however, the more clearly it appears that war is neither a cause nor a symptom, but a method. In the words of Clausewitz, "War is the pursuit of policy by other means." Once this fundamental idea is grasped, the fact that wars occur in the face of the expressed desire of all but a small fraction of the world's population to remain at peace, takes on a new aspect. What is it which is strong enough to plunge the world into a cataclysm of destruction at decreasing intervals, against "the common will"?

We shall find the answer to this question, if at all, in the period of uneasy truce between 1918 and 1939.

C. H. DOUGLAS.

Perthshire, 1945.

# PART I

## CHAPTER I

IN the main, the indigenous British do not take kindly to explanations. Whether by education, heredity, climate, diet, or the accident of geographical situation, and all of these have been adduced in extenuation, we distrust logic, prefer action or experiment, and view life as a process of dealing with situations as they arise. It has to be conceded that the technique has produced remarkable results, and it would be a poor service to its exponents to suggest that the qualities it requires are not worthy of honour and cultivation.

But it has inadequacies, and one of them has been much in evidence during the armistice years. It requires a policy outside itself—if you prefer the word, a religion—a binding back to reality. Faced with policies of a deductive character, based, not so much on experience as on ideals, (using the word in its popular, rather than true sense), the "practical" man has a strong tendency to allow himself to be deprived of the tools of his own method. He isn't interested in theories; and when the steady prosecution of courses based on a theory results in a global war, he is discovered to be not merely without mental, moral, and material equipment, but committed to obtain them on ruinous terms.

Nevertheless in 1940, when the native had shaken himself loose from some of the fetters forged for him by the idealist, he once again demonstrated his active power of survival. It was not the planners who saved at Dunkirk the British Army which they had insisted should be centralised under the senile incompetent Gamelin—it was the Baconian little ships. But the operative word in this observation is "when." It is one thing to say that inductive *methods*, given time and direction, are sound. It is quite another to say that time will always be given. And most of the time available in which to counter a menacing situation is lost in deciding what is the nature of the situation, more particularly if you don't know what it is you are trying to do.

Dr. Arnold Toynbee, the Secretary of the Royal Institute of International Affairs, informs the harassed Briton through the medium of its Journal that "we" are working feverishly but with all "our" might, to undermine the sovereignty of "our" respective nations (which implies undermining the property rights which have been transferred from individuals to the "nation") and thus conferring it on some still more mighty, but studiously unspecified

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recipient. Almost before Dr. Toynbee has finished speaking, Herr Hitler undermines the sovereignty of most of the nations of Europe, and Mr. Churchill, amidst approving applause from as far away as North America, announces that "we" will fight him on the beaches and in the streets, and "we" will never give in. At the same time, Dr. Toynbee and his staff are provided with comfortable occupations in the pleasant city of Oxford, presumably to go on undermining national sovereignty at the expense of the British taxpayer. It must be admitted that all this renders the deductive or idealistic method very complex and difficult to understand.

The difficulties do not end with the contradictions between what he is told and taught to think, and what he is ordered and forced by circumstances to do. He feels that, while the idealist knows where he is going, but not for publication, he himself can't quite see where he is bound, yet is on his way. Mr. Eden assures him that although the New Order must be built through war, it will be built notwithstanding. Herr Hitler says he has built it. So far as can be seen, the New Order has a common characteristic either as sponsored by Mr. Eden, or as constructed by Herr Hitler. Millions of uncivil servants appear as though by the wave of the Wicked Fairy's wand, and "order," with, on the whole, disappointing results. General Dittmar somewhat surprisingly suggests that even in Germany, "the selfishness of governmental departments which do not look beyond their own sphere, and disregard the interest of the nation as a whole" (German Radio, January 25, 1944) must be curbed. Idealists everywhere view with alarm, the language used to describe the backbone of the Classless State, "Returns in triplicate, accompanied by the appropriate vouchers." Unregenerate yeomen have been heard to say that if half the inspectors who are paid comfortable salaries, with travelling expenses, rendered on the prescribed Form, to hinder farmers from carrying out repairs to buildings, could be taught the elements of bricklaying, they would go far to remedy the shortage of building labour besides permitting that which is available to do a little work.

And then, there is Russia. Since the Dreyfus Case, with which Russia has, perhaps, more in common than would appear at first sight, no subject has provided so widespread an opportunity, not merely for dogmatic and mutually exclusive statements on matters of fact, but for arguments which seem to close for a considerable time the enquiry as to whether mankind really is a reasoning animal.

Even taking the highest figures put forward by those concerned to support the idea that National Socialist Germany is anti-Jewish, the alleged atrocities against continental Jewry do not come within

millions of those committed by the Soviet Government in one operation alone—the "collectivisation" of agriculture. But the world rings with the woes of the Chosen, while Russia is idolised by multitudes. Eugene Lyons, a Communist by conviction, a trained observer, one-time United Press correspondent in Moscow, and subsequently on the staff of Tass, the official Russian Press Agency, in his book, *Assignment in Utopia*, observes:—

"A population as large as Denmark's or Switzerland's was stripped clean of all their belongings—not alone their land and homes and cattle and tools, but often their last clothes, and food, and household utensils—and driven out of their villages. They were herded with bayonets at the railway stations, packed indiscriminately into cattle-cars and freight-cars, and dumped weeks later in the lumber regions of the frozen North, the deserts of Central Asia, wherever labour was needed, there to live or die. Some of this human wreckage was merely flung beyond the limits of their former villages, without shelter or food in these winter months, to start life anew, if they could, on land too barren to be cultivated in the past. . . . Tens of thousands died of exposure and epidemic diseases while being transported and no one dared guess at the death rate in the wilderness. . . . I *saw* (my emphasis) batches of the victims at provincial railroad points, under G.P.U. (Ogpu) guards, like bewildered animals staring vacantly into space. Those meek, bedraggled, work-worn creatures were hardly the kulaks of the propaganda poster."

Try reading that extract at a "Workers" meeting in any industrial town.

Mr. Max Eastman, the friend of Lenin, who spent years in Russia during its most formative period, remarks "instead of being better, Stalinism is worse than Fascism, more ruthless, barbarous, unjust, immoral, anti-democratic, unredeemed by any hope or scruple . . . 'it' *is* Socialism, in the sense of being an inevitable though unforeseen political accompaniment of the nationalisation and collectivisation which he had relied upon as part of his plan for erecting a classless society" (*Stalin's Russia*, 1940, p. 82).

While Mr. F. A. Voight obligingly completes the picture by remarking in regard to Germany "Marxism has led to Fascism and National Socialism because, in all essentials, it *is* Fascism and National Socialism" (*Unto Caesar*, 1939, p. 95).

That is to say, Socialism and Fascism stem from the same root. It is part of the purpose of this book to show that practically all

forms of economic, industrial, and political totalitarianism can be traced to the same root.

The idea uppermost in the minds of the working-class idolater of the Soviet system is that the rich have been abolished. In 1939, only 22 years after the Bolshevik accession to power, Trotsky (Bronstein) who ought to have known, stated "the upper 11 or 12 per cent. of the Soviet population now receives approximately 50 per cent. of the national income" (quoted in *The Managerial Revolution*, J. Burnham, 1942, p. 43).

This differentiation is sharper than in the United States, where the upper 10 per cent. receive 35 per cent. of the national income.

The situation of the 88 per cent. in Russia is immeasurably worse than the similar residue in England or the United States.

Until recently, it was a commonplace of "Labour" propaganda that war is a device of the "Capitalist." If you are careful to define your terms, and associate the word "capitalist" with the favourite Socialist ideal, "internationalism," there is probably a good deal of truth in the statement. But Russia, the idol of the proletariat, is considered to have demonstrated the success of Socialism by first provoking, through a non-aggression pact with Germany, and then waging, war on an unprecedented scale. Even in this, a population of two hundred millions, embodying traditionally brave soldiers, would in all probability have been decisively and irrevocably defeated by a country, Germany, of eighty millions, unless assisted by Great Britain, a country of forty-five millions which had withstood Germany single-handed for a year.

My object in traversing a somewhat familiar terrain is not so much to attack or condemn any particular body of opinion, as to bring into relief something which forms a peculiar handicap to our native talent for "dealing with situations as they arise." "Situations" present themselves to our judgment in words spoken or written. It is evident, that, to a considerable extent, words have come to mean, not merely what we want them to mean, but what we want them to mean in regard to a particular subject.

This is confusing, and an effort to resolve the confusion in respect of a few of the commoner words of political controversy seems to be overdue. That this confusion is not accidental, but deliberate, is unfortunately true. Perhaps as good a key as any to the fundamental policy is provided by the remark of Lord Haldane, who, it will be remembered, claimed that his spiritual home was in Germany. He was asked why he persuaded(!) Sir Ernest Cassel, one of the richest men in the world, to settle large sums on the London School of Economics. He replied "Our object is to make this institution a



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place to raise and train the bureaucracy of the future Socialist State" (*Quarterly Review*, January, 1929).

It will be noticed that a special education, differing from that of the existing Schools was necessary. And an inspection of the teaching staff indicates that this was to be inculcated primarily by German—or Russian—speaking Jews. It is ludicrous to suppose that Sir Ernest Cassel, a German-speaking Jew, provided large sums in ignorance of their objective.

In this connection, the growing revolt against pseudo-science is significant. It has been observed in many quarters, and notably by Dr. Tudor Jones, F.R.S.E., that modern science is becoming a mass of superstitions. The tendency of modern, and even not-so-modern Universities to produce communists has been traced to the insistence of their teaching staffs on the unlimited validity of such theories as that of Darwin, largely discredited in informed quarters, but presented to immature minds as fully established.

## CHAPTER II

FRANCIS BACON, Earl of Verulam, may not have been the first man to apprehend our danger. But his emphasis upon the necessity of "restoring or cultivating a just and legitimate familiarity between the mind, and things" strikes a pure note of consciousness which establishes it as an authentic scripture. Confronted with some of the words around which so much of our modern politics revolve, such as "the State" or "the Nation" he would have instantly demanded to be led to him. A Queen he understood; but to be told that her condition (state, from L. *status*) could be, and should be separated from the person in occupation of it, would have appeared to him to be a gross superstition into which the barons at Runnymede were careful not to fall. To him, and to most of his contemporaries, everyone had a "condition." Their consequence was precisely measured by what they did with it. He understood the Doctrine of the Incarnation.

If Bacon had been told that the country's minerals were "nationalised" and he could have grasped some idea of the strange new word, he would probably have asked what the Queen could do with them. The statement that they *ought* to be nationalised he might have ridiculed as "being vertiginous, or in the way of perpetual rotation." But if told that the minerals were to be put at the disposal of a monopoly, he would have understood.

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To put into contemporary terms the way his mind would have worked, we might say he would have asked "Do I get cheaper coal? More coal? Better coal? If I don't, is there some new, rapid, effective way by which I make my dissatisfaction felt upon those responsible? No? Then who is benefiting?"

He would have gone to the heart of the problem. He would have grasped at once that here was the Divine Right of Kings in operation, raising up this man, and putting down that. Two things would have concerned him. Where is the King? Is he doing a good job?

To leave the wise and witty Francis at this point to which he has led us, we can see that the transfer of powers and privileges from an individual to an organisation simply means the transfer of those powers and privileges to the persons controlling it. The organisation is an accommodation address. The police always suspect them. To call that organisation the State or the Nation, is quite legitimate if you are quite clear that you have put the Divine Right of Kings into commission. If you imagine that there is anywhere in the world either a democracy or any other system, which confers on Mr. John Citizen an effective control or a beneficial share in those powers which he has been persuaded or jockeyed into transferring from a tangible to an intangible executive, then you are labouring under what may quite possibly prove to be a fatal delusion.

At the time of writing these lines (January 1944) it is already evident that "monetary reform" is coming out of the wilderness into the most respectable circles. That is good. But the idea that John Citizen must automatically benefit thereby, is premature. Various well-meaning if somewhat naive organisations have stated, as though it were both axiomatic and desirable, that only "the State" has the "right" to issue purchasing power. That is the Divine Right of Kings complex once again. Mr. Montagu Norman, Governor of the Bank of "England" may be heard to murmur "Nationalisation? We welcome it." A much abler, if less theatrical banker, Sir Edward Holden, Chairman of the London, City and Midland Bank (Midland Bank) during the 1914-1918 war, when told that his policy was leading directly to nationalisation of banking, replied "Well, I don't care. I should still manage it."

To put the matter quite shortly, transfer of power almost certainly means transfer of policy. We have seen the transfer of power. What is the policy? Whose is the policy?

The policy is MONOPOLY.

We shall see in the course of the following pages that its source can be identified within fairly narrow limits. It is preferable to establish its realistic implications, as well as the devices employed

to bring it into actuality before concerning ourselves overmuch with personalities. They can wait.

Perhaps the most useful phrase in the lexicon of the world plotter or planner, is "common ownership." To the simple man "common ownership" means ownership divided amongst common men, of whom he counts himself. But any lawyer would tell him that common ownership means transfer of control to an administrator, who in theory, distributes the usufruct (not the thing "commonly owned," which must on no account be touched by any one of the common owners). You, reader, are a common owner of the Post Office, which is nationalised. Go into the nearest branch, and remark that you will take your share in office pens, collect all the pens in sight, and move for the door. You will receive a lesson in common ownership.

You may now observe that as you are a common owner, either you ought to be served by the Post Office free of charge, or, alternatively, obtain your share of the usufruct in the form of a handsome dividend. The shareholders of the Bell Telephone Companies of America, which are not nationalised, do obtain such a dividend. The service is better, cheaper, and more flexible. There is an underground attack on the Bell Telephone system exactly similar to the attack on dividends in this country. If successful, which is unlikely, the American public will pay more for its telephones, receive no dividends, and get a worse service. But they will be "common owners." The distinction between joint shareholders and "common owners" should be noted.

You will be told, not merely by large "capitalists," but by their ostensible antagonists, the Labour-Socialists, that monopolies are inevitable, competition is wasteful, and "industry demands large units on the score of efficiency." You will be perhaps puzzled to find that the conflict in the economic world is not so much between cartels, monopolies and nationalised industry and property, as between all three and small businesses and privately-owned property.

Let us not jump to conclusions. It is not difficult, as we shall see, to identify monopolisation, in its varying forms of cartel, "public corporation" on the model of the "B. " B.C., the London Transport Board, or the Tennessee Valley Authority, or outright State ownership of the Russian type, as being a policy, not an automatic and inevitable process, as we are asked to believe. That by itself does not condemn it, although it does put it on the defensive. We are concerned to know whether the New Order is better, for the majority, than the Old. Let us begin by examining its claim to "efficiency."

In the days when London Clubs enjoyed a certain prestige, it used to be said of one of them that it was highly thought of by those who didn't belong to it. The word "efficiency" appears to have the same fascination to those numerous people who don't know its meaning, and believe it to be an adjective, rather than an abstract noun.

Efficiency, contrary to this widespread idea, is something capable of exact definition under certain circumstances, and completely meaningless in the absence of them. Generalised in a form suitable for application to political economy, it means the measure of success in exchanging something which you are prepared to sacrifice, for something which you prefer. It is clear that to have a meaning in political economy, you must have a unit common to "sacrifice" and "preference."

For example, fifty years ago, the British Railways were the finest in the world. It would be almost impossible to decide how efficient they were, but if your "preference" was rapid, frequent and comfortable travel, and your "sacrifice" was monetary, you obtained a high degree of "preference" for a small amount of "sacrifice." To say that all their conditions of employment were ideal would be absurd. Yet employment by them was highly coveted.

Nowadays, the British Railways are "rationalised," *i.e.*, approaching an absolute monopoly, and there is scarcely a graduate or professor of the London School of Economics who would not explain to you how much more efficient they are (we are considering, for the moment, pre-war conditions). The fares and rates were nearly double and the railways were agitating for more, the speeds were in the main lower than at the beginning of the century, and the service was less frequent, more congested, and was definitely deteriorating. The restaurant services were expensive and inferior, in contrast to the high standard and low charges of the old companies.

It is not difficult to see that the flat contradiction between the opinion of the man in the street, or the morning train, and that of the London School of Economics is due to a failure to agree on the object for which railways exist, and, more subtly, whether that object can be pursued without incommensurate loss. From the point of view of the traveller, the consumer, policy has been consciously and continuously directed to *lower* efficiency. From the point of view of the London School of Economics, since monopoly is the objective, the efficiency has gone up in proportion to the centralisation of control and the expropriation of the shareholders. The average railway employee is now more concerned with politics than with railways.

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Notice that this call for "efficiency" is pursued in the face of many contradictions and without definition of objectives.

Superficially, the contradictions appear almost naive. It is not twelve years ago since the whole world was ringing with the cry of "over-production," and sabotage and destruction of almost every description was in progress. But it should be remembered that *all the efficiencies sponsored by the London School of Economics and its Fabian-Planning associates aim at restriction of production from the point of view of the consumer*, in precisely the same manner that the grouped railways have restricted production (services) under the stress of propaganda for efficiency.

It may be convenient at this point to clarify an important factor which is often overlooked. The modern world in which we live derives its material character from technological advance in the industrial arts. It derives its social and political character, to an increasing extent from Socialist-Communist propaganda in the State schools and the Universities deriving their funds through endowments from shadowy "benefactors" whose policy is the complement of the Marxian Socialist. Nothing could be further from the truth than to imagine that such advance as has been made in civilised life has any connection with social and political progress. On the contrary the prime objective of Socialism and Cartelism is to batten on the technological advance to which it has contributed nothing, and to prevent this advance from achieving, as unrestricted it would have achieved, the emancipation of the human race from bondage. The more completely centralised in political organisation such countries as Germany and Russia have become, the more obviously technological advance has, firstly failed to benefit the general public, next, shown clear signs of itself coming under the law of diminishing returns, and finally, like a powerful drug misused, has plunged the world into convulsions of war and revolution.

## CHAPTER III

A FEW years ago, a reference to "inexorable economic laws" was certain to be well received in the best circles. It had a scientific sound, combined with a slight suggestion of Puritanism and of the essentially inhospitable structure of the universe. In the higher realms of finance and commerce, it became to some extent displaced by the slightly occult word, "trends," which was felt to be even more scientific, as being a cautious under-statement.

Neither of these expressions escapes the risk of ribaldry, nowadays.

But the idea was clear enough. The world is an unpredictable place. Terrible things happen, but no-one is essentially to blame for them. On the whole the mathematics of chance and probability rule us, and, if we appear to be losing on black, our only course is to put our money on red.

On this theory, wars, revolutions, depressions, business amalgamations, rationalisation and nationalisation, taxes and bureaucrats, are natural phenomena as inevitable as the flowers that bloom in the spring. An attitude of reverent agnosticism combined with disciplined acceptance is all we can adopt pending a codification of the "trends," which clearly require data compiled and card indexed over a long period of time.

It seems inseparable from the acceptance of this theory, however, that we school ourselves to agreement with the remark, "*Credo, quia impossibile.*" We must be able to believe that the Decline and Fall of the Roman Empire had no connection with monetary inflation; that Domesday Book did not interest William the Norman's Jewish advisers, or that the expulsion of the Jews and the suppression of the Knights Templars who became primarily bankers, had no bearing on the prosperity of England in the fourteenth, fifteenth and sixteenth centuries. We must be able to believe that the foundation of the Bank of England had no influence on the National Debt, and that the appointment of Mr. Montagu Norman as Life Governor was an accident to which his American connections, and the visit of Lord Reading to Washington in 1917, made no contribution.

Clearly, it is much easier to hold this negative view of history if we are prevented from noticing that similar events frequently have similar causes. If we are told that the fall of Rome was due to immorality or malaria, and that William the Conqueror thought of Domesday Book all by himself, that the Jews who accompanied him were "refugees from Christian intolerance" and that the Bank of England had an "American" Adviser from 1927 to 1931, if not before and after, because it wished to learn the latest methods of banking, our attention will not be so likely to be attracted to the idea that both the economic and political fortunes of mankind may be not so much at the mercy of inexorable natural law, as the outcome of manipulation by small groups of men who know exactly what they are doing.

This distinction is vital. Consider the events of the years between the European phase of the present war, beginning with the

Armistice of November, 1918, and the resumption of hostilities in 1939.

The first point to be observed is the crystallisation of policy along lines clearly recognisable as imposed by a determination to adhere to the conventional subservience of a debtor to a creditor, and, with it, "employment" as the backbone of Government. While it is probably not true to say that the United States, in the ordinary acceptance of the term, was determined to use the highly artificial position created by the insistence on the assumption of all financial liability of the "victorious" belligerents by Great Britain, it is certain that German-Jewish bankers in America were fully aware that it was much more important to win the peace than to lose the war, and that this was the weapon with which victory could be achieved.

The War Debt due from Great Britain to the United States was \$4,368,000,000. Since it was stipulated that it was *payable in gold* it was equivalent to £897,534,246. Without traversing the endless arguments as to whether the, as usual, disproportionate losses in men and material, in a common war, on the part of Great Britain (America's losses in killed and wounded were 322,000; ours nearly three million) accompanied by fantastic taxation, were not a just ground for claiming that no debt was reasonably due, it is essential to understand that the benefit of the orders placed in America was immense to the Americans. Not one dollar, of course, went to pay for war material produced in Great Britain.

In 1922, Stanley Baldwin, an almost unknown politician, became Chancellor of the Exchequer. Montagu Collet Norman, from being a member of the firm of Brown, Shipley & Company, the London Branch of a powerful American financial group, was appointed Governor of the Bank of England, apparently for life. Previously, it had been customary for the Governor to be elected yearly from the more important merchant bankers of the City. Dr. Walter Stewart for a short while, and subsequently Dr. O. M. W. Sprague, both American banking economists, were installed from Washington, to "advise" him. Their advice coincided, in time, with the greatest depression in history.

The first concern of Mr. Baldwin and Mr. Norman was to visit Washington for the purpose of establishing by agreement the terms which were to govern the service of the colossal debt. This visit was made in January, 1923, and in the party was Sir Otto Ernst Niemeyer. The terms agreed were onerous in the extreme (*e.g.* eight times as heavy as those imposed on Italy), but in fairness to the Americans it must be stated that they were apparently surprised

that they were accepted. The debts owing by other belligerent nations were settled on much easier terms.

Mr. Balfour had previously stated officially that Great Britain would only ask from her allies such financial payments as would meet the demands of her own creditors, *i.e.*, the United States. The result of this was to make the United States the only and very large financial beneficiary of the 1914-1918 phase of the war (see *Hansard*, December 15, 1930) and to leave all the other "victorious" combatants heavy losers. The question of the military loser, Germany, requires separate consideration.

It was stated in many quarters that the large payments which for a time were made to the U.S. Treasury in connection with the arrangements negotiated by Messrs. Baldwin and Norman were of little consequence. This rather confusing statement—confusing, that is, to the ordinary individual whose financial means, and consequent personal comfort, are subject to the more ordinary arithmetic of daily life, emanated from the Central Bankers who no doubt based their statements on the knowledge that they could adjust taxation so that the payments were concealed. In any case, the absolute size of the payments was far from being the main issue, which was the control over British policy. This is not in doubt.

The control was exercised in two ways. In the first place, and for the first time in history, the New York discount rate became, and remained for nine years, one-half per cent. lower than the Bank of England discount rate—the "Bank Rate."

The effect of this was to secure for New York all the foreign financing which had previously been done in the City of London. The fact that the American public was sold large quantities of worthless bonds may have been poetic justice, yet did not conduce to good international relationships.

It is certain, moreover, that a direct political control of a coercive character was applied to British legislation. For the purposes of this preliminary survey it is only necessary to mention two instances, one in the realm of major foreign policy, and the second in domestic legislation.

At the moment, objective consideration of the Japanese is difficult. It would be absurd, however, to deny that the Anglo-Japanese Alliance was a major benefit to Great Britain in the 1914-1918 phase of the War. While Japan took little part in Europe (she did send destroyers to the Mediterranean, by request) she observed the letter of the Treaty scrupulously. The abrogation of it, and the Washington Naval Agreement limiting Japan to a position of naval inferiority, did two profound injuries to the British Empire. It was an un-



provoked and rather ungracious blow to Japanese "face"—the most vulnerable aspect of Asiatic diplomacy. And it demonstrated to the whole of Asia, including India, that the important capital to placate was no longer London, but Washington. Nothing could have made a new war more certain.

In the domestic sphere, the most easily apprehended instance of the general policy is the horse-power tax on motor vehicles. Here again, it is not so much the monetary aspect which is important, although it is quite possible that the restriction of high-powered cars to the very rich had a profoundly disruptive social effect, playing into the hands of the agitator concerned to suggest that the poor are poor because others are not so poor. Its main effect, and its object, was to throw open the British Empire to the high-powered American car and truck, and to deprive the British manufacturer of the experience which only a home market using a type of vehicle suitable elsewhere could provide. The midget car imposed on the British public was only suitable for perfect roads, short distances and careful usage, and its small market supported a high price and large fortunes for selected producers. There is little doubt that it was also intended to kill the development of the British aeroplane engine, and the aeroplane itself, but in those objectives only partial success was achieved.

In May, 1920, a policy of what can only be described as ruthless restriction of credit was inaugurated, both in Great Britain and the United States. No attempt of any description had been made to deal with the uncontrolled rise of prices, particularly of consumer's goods, and everywhere public discontent at genuine inflation, *i.e.*, a temporary increase in money units in the hands of the public, accompanied by an equal or greater rise mainly permanent in prices, reached such proportions as to constitute a "buyers' strike." That this rise of prices was intentional and a form of hidden taxation, is certain.

Heavy taxation, calling in of banker's overdrafts and restriction of trade credits by large industrialists to their smaller trade clients, produced immediate results. Workers were discharged, unemployment rose steeply, reaching three millions in Great Britain, and ten millions in the United States, where the same policy, with, however, much lower taxation, was instituted. In Great Britain, the policy was pursued for a much longer period. Suicides doubled in Scotland and rose 67 per cent. over the rest of the Kingdom during the deflationary period of about nine years. Bankruptcies increased by 700 per cent. (See *The Monopoly of Credit*, graph p. 137.)

In the United States, however, the policy was completely re-

versed in six months and that country entered upon the greatest wave of industrial activity and material prosperity ever known in history, a wave which continued until October 1929.

One effect of this was to cause a drain of the highest-skilled manpower from this country to America. As an instance, one of the greatest difficulties in the Four Years War was a lack of "tool-makers," a technical term applied to the most skilful mechanics (almost the last to whom the term craftsmen can be applied). It is generally considered that a highly skilful toolmaker requires seven years' training. A large proportion of the toolmakers of this country emigrated during the restriction years, and most of them remained abroad.

It is certain that no nation in recorded history has receded so rapidly from a position of commanding influence in world affairs to one of almost complete impotence, as did Great Britain in the fifteen years which followed the Armistice. Many factors contributed to this result, but financial policy is easily pre-eminent.

In 1925, after six years of steadily decreasing prosperity, disillusionment, and economic and political frustration, Mr. Winston Churchill, (who had become a Conservative on the practical disappearance of the Liberal Party), Chancellor of the Exchequer, restored the Gold Basis of the Sterling Financial system, with modifications to ensure that the ordinary individual could not buy gold in less than the "standard bar," worth about £1,700. (See *The Monopoly of Credit*, Chap. 6.) In effect, he could not buy gold except at the will of the Bank "of England."

In 1926 Sir Alfred Mond, of whom much more hereafter, also forsook the Liberal for the Conservative Party.

Mr. Churchill is probably the finest War Minister in history, and it is quite possible that, if we are to proceed from the assumption that this war was inevitable, the whole course of history has been changed for the better by his tenure of office. But it is evident that there is just as much historic continuity in the Whig love of "Dutch" Finance, and all those associated with it, in Mr. Churchill's peace-time activities, as in the brilliant military mind which might be expected in a descendant of Marlborough.

More than any other one factor, this influence has dominated British policy in the vital Armistice years. Mr. Lloyd George, the protégé of international Jewry, with his avowed intention to do anything to enable the pound sterling "to look the dollar in the face," *i.e.*, to have a gold exchange value of £3. 18s. 3d. per oz.; Mr. Churchill's close association with financial Jews in England and America, and his restoration of the gold exchange standard in 1925

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(for which he has since publicly apologised); Mr. Baldwin's ecstatic remark that the Bank Notes and Currency Act of 1928 had for ever prevented currency reformers from interfering with finance, are evidences, of which there are many more, that the tragedy of the wasted twenty years was not due to inability to pursue any policy, which is the common accusation brought against politicians of that era—it was a fixed instruction to pursue a policy, irrespective of consequences, which can be seen to have built up Germany and enfeebled the British Empire.

In these days of coalition Governments, control by "Planners," and other modern improvements, it is difficult to realise that Cavaliers and Roundheads, Whigs and Tories, were exponents of two philosophies. The Whigs were merchants, abstractionists, the dealers in intangibles.

It is not a coincidence that the Whigs, Quakers, and non-conformists, became bankers and collaborators with the Jews, both resident and continental. They were fundamentalists. The "Old Testament" was a record of the sayings and doings of an omnipotent if somewhat irrational Ruler, who spoke Elizabethan English and had a private staircase to Mount Sinai.

Consistency was not to be expected of Him. What we should now call masochism, the glorification of pain, was explained by the idea that discomfort in this life automatically ensured bliss in a future existence. Carried to its logical conclusion, as many of Cromwell's semi-animal barbarians were prepared to carry it, the most certain way to prepare a general Heaven was to create a Hell upon earth.

This philosophy, as we shall see when we consider the case of Germany, runs through Lutherism, Calvinism and other Puritan movements straight into civil war and revolution. Always, it is the attack of the black-coated theorist on the pragmatist, the farmer, the sailor, the pioneer. At the root of it is a denial of personal initiative and judgment, and the substitution of a set of transcendental values incapable of, and indeed almost resenting, any attempt at proof.

Once this conception is grasped, it is easy to see how indispensable it is to the supremacy of the financial system and those who control it. What appear to be failures of policy are really the greatest successes. As Mr. Montagu Norman remarked when mild expostulations on the obvious results of his government were brought to his attention, "I do not think it is good for people to be prosperous." About this date, Mr. Norman's salary was increased by several thousand pounds.

Under the influence of Whig mentality, words become reversed.

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A man who kills another is a murderer, and if he does it without passion, he is a cold-blooded murderer. But mass murder in cold blood is glorious and is war. Stealing is a crime, but unnecessary taxation is statesmanship.

Many attempts have been made, in a society in which finance is dominant, to show that the Puritan strain in British history is a source of strength. It would be more true to say that it is an important factor in British development since the seventeenth century. How much of that development is tinsel, and how far it has departed from the natural genius of the English, Scottish and Welsh peoples may perhaps be easier to assess when we see the measure of its permanence.

## CHAPTER IV

IT will be realised that the re-establishment of the Gold (Exchange) Standard was the culmination of a considered policy of restriction, carried out by the visible Government with, for the most part Mr. Stanley Baldwin as Prime Minister, but obviously inseparable from the covert control of the Bank "of England." An intrinsic feature of it, if not its primary objective, was a reduction in wages and salaries, not perhaps so much in rates as in total earnings. With this, in the nature of things, went a weakening of the bargaining power of organised labour.

It is easy to comment that this attack upon "Labour" was scandalous and indefensible, and if a sufficiently comprehensive view of the whole social and economic system be taken, this is true. But it must be remembered that the Labour Movement was not so much, as it once had been, a wage negotiating body; it had become under international influence a revolutionary political organisation openly claiming the right and the intention to substitute Marxian Socialism for what, without understanding the term, it designated as "Capitalism." The ordinary employer, by which is meant the small and medium sized industrialist of the older type rather than the directors of "public" or international companies or cartels, was forced, in many cases against his desire, into a position of antagonism to his employees because it became obvious that industry was being transformed into a battleground of politics, in which he was being attacked without scruple, not only by the Trades Unions, but by the financial cartels, both aiming at monopoly.

Neither the individual workman, nor his employer, had the time or opportunity to realise that they were equally catspaws of a common

enemy, and that their legitimate grievances were being used to stampede them into a common ruin.

It is necessary to appreciate this situation before the background of the next phase and its bearing on the underlying policy can be seen to be coherent. The General Strike of May 3-12, 1926, ostensibly developed from a failure to adjust the situation arising from the termination of the subsidy, which amounted to about £24,000,000, paid to the coal industry—a subsidy which had been granted under perhaps the most inept handling (as it appeared) in the records of Government. After having stated that under no circumstances would it be paid, the Government suddenly reversed its decision, agreed, under the most nebulous stipulations, to pay a subsidy, and simultaneously proceeded with open preparation against a general strike, which could be provoked at any moment by withdrawing the subsidy.

In 1920 a Royal Commission under the Chairmanship of Mr. Justice Sankey, a Socialist, had investigated the conditions obtaining in the Coal Industry, and certain witnesses had recommended the nationalisation of coal. It was commonly stated that the pressure towards this object, together with that for the nationalisation of railways, proceeded from international loanmongers who wished to have tangible assets, rather than mere taxing power, behind the large amounts of British Debt which they held. At that time, the proposal was not implemented, partly, no doubt, by reason of the extremely discordant nature of the several minority reports which accompanied its findings.

On March 10, 1926, the Coal Commission under the Chairmanship of Sir Herbert Samuel, issued its report recommending *inter alia* that the State should buy the coal from the mineral owners compulsorily, on very advantageous terms, paying for it in paper money, and that the miners should accept a reduction in wages. The Chairmanship of this Commission, and its recommendations (particularly its emphasis on the principle of property in coal) should be borne in mind in connection with the Mond-Turner negotiations to which reference will later be made, the amalgamation of Brunner, Mond and other chemical concerns into Imperial Chemical Industries, the Chairmanship of the Fuel Research Board (Governmental) by the Chief Chemist of Imperial Chemical Industries, the acquisition of the coal from the mineral owners under the Coal Act of 1938 which took place in July 1942, and the general drift towards the adoption of a Cartel-Trades Union "Democracy," in which the ordinary individual, and even his House of Commons, become an unimportant factor awaiting absorption or elimination. The Miners'

Federation rejected all that part of the Report which affected them, but supported, without understanding, the "nationalisation" of coal.

The details of the negotiations for a settlement of the coal dispute, which were without effective result, are outside the scope of this survey. They are available in the *Annual Register* 1926, *The General Strike* by Sir John (now Viscount) Simon, the pages of *Nature* for 1926, and elsewhere. It is almost certain that in fact neither side wished for agreement—the Miners' Federation, which was infested by alien influences, was deluded into believing that a general strike would bring the country to its knees; the shadowy influence behind the Mining Association (the Colliery owners, perhaps as stupid a body of men as industry could show) knew quite well that a general strike was certain to fail unless it developed into armed civil war, and that the way would be opened to further centralisation. In spite of the fact that both sides made a great display of legality, the only fact which was ever in dispute was the extent to which, in the last resort, the armed forces of the Crown could be employed to defeat the strikers.

A Royal Proclamation declaring a State of Emergency as contemplated in the Emergency Powers Act of 1920 was issued on May 1, and on May 3 the General Strike came into effect. Official negotiations between the Government and the General Council of the Trades Union Congress, who were directing the strike, were completely abortive.

Sir Herbert Samuel was apparently in Italy during the negotiations which preceded the Strike, but on its declaration at once returned to England and began "unofficial" negotiations for a settlement—on the face of it, with no special qualifications for intervention.

On May 11, Sir Herbert Samuel laid before the T.U. Council the draft of a Memorandum the adoption of which would, he thought, promote a settlement of the coal dispute. It contained nothing which was not expressed or implied in the Coal Commission Report, other than minor adjustments in timing. The Council laid the Memorandum before the Miners' Executive the same day, with a statement that in their opinion it contained "the best terms which could be obtained to settle the present crisis in the coal industry."

The Miners' Executive quite naturally rejected the proposals, as representing no advance on a situation they had previously refused to accept. Nevertheless, the T.U. Council wrote Sir Herbert Samuel that in their opinion, the Memorandum offered a basis on which negotiations might be renewed, and in consequence, they

were taking the necessary measures to end the General Strike. A deputation called on the Prime Minister to inform him to that effect, and on May 12, the Strike was called off. The miners were, of course, furious and continued their own strike, with a good deal of support from the railway unions.

The General Strike was broken. Sporadic and sectional strikes continued for some time, but the sectional Trades Unions emerged impoverished and humiliated, and nervous of their ability to maintain their privileges. Two facts stand out clearly in retrospect. The General Council of the Trades Union Congress seized, or were handed, the initiative and control of the whole of the militant trades union movement, and centralised it. And the Coal Commission Report was embedded in the settlement (despite the fact that no party to the dispute accepted it) in such a manner that it might be contended that the Government was committed to the implementation of it. The ground was prepared for the next steps—the founding of Imperial Chemical Industries, whose major raw material is coal, and the Mond-Turner negotiations between Sir Alfred Moritz Mond who had become a Conservative in 1926, afterwards the first Lord Melchett, and Benjamin Turner, afterwards Sir Ben Turner, C.B.E.

Benjamin Turner was by trade a weaver; he was Chairman of the Labour Party in 1911, a critical year, Chairman of the Trades Union Congress, 1928, Chairman of the Trades Union Congress General Council (the body which had negotiated with Sir Herbert, now Viscount Samuel, in 1926) and a Labour M.P. He was given an O.B.E. in 1930, and created a knight in 1931. Since his conference with Mond, the T.U.C. has never authorised a strike.

In order to trace the thread of long-term policy in the events we are discussing, it is necessary to give to the career of Alfred Moritz Mond somewhat more extended consideration.

In passing, it may be observed that steady and continuous propaganda in Labour circles had been devoted to an attack on the private ownership of coal. Most individual miners, besides being convinced that "the coal belongs to the people," were under the impression that the owners' royalty decreased the miners' wages, and greatly increased the cost of coal to the consumer. There is no justification for any one of these ideas.

There is in existence a Scottish charter, dated A.D. 1202, in which the superior grants the lease of certain collieries in Newbattle, and the right of the landowner to dispose freely of his coal has never since been questioned, and was set out by Sir John Pettus in his *Fodinae Regales*, published in 1670. It should be particularly

noticed *that property in coal has not been abrogated by the Coal Act of 1938. It has been acquired intact by force majeure* accompanied by a derisory compensation, and can be transferred to another owner either by lease or outright sale. Private owners of coal were heavily taxed. Coal now pays no taxes.

The actual royalty received *nett* by the private royalty owner rarely exceeded 3d. per ton, and was often less, as owing to the political weakness of the owners, forms of taxation which would never have been tolerated otherwise were imposed on the gross royalty. Since the acquisition by the State, the price of coal has risen by more than twelve times the old royalty.

## CHAPTER V

WHEN the Masonically-propagated wave of revolutionary disturbance which swept Europe in 1848 reached the little German town of Cassel, a young German-speaking Jew, Ludwig, a son of Moritz Mond and Henrietta Levinsohn, put on a red tie and harangued the Jewish children of Cassel on the genius of Karl Marx. Prussia had a short way with revolutions, but young Ludwig abandoned street corner politics without apparently incurring any noticeable penalty, and studied chemistry under Bunsen at Heidelberg, marrying the daughter, Frieda, of Loewenthal, the Jewish chemist who is credited with being the pioneer of the German electro-plating and electro-chemical industry. At this period, England was greatly under the influence of the Prince Consort and the mysterious Freemason, Baron Stockmar.

Young Ludwig Mond and his wife decided to become English-speaking Jews. They arrived in this country in 1862, three years after Charles Darwin's MSS. of *The Origin of Species* had been accepted by a London publisher. Marx had published his *Critique of Political Economy* and Wagner had written *Tristan and Isolde*. It is generally recognised that these three works, the first on the plane of religion, the second in the sphere of industrial politics, and the third as a moulder of psychological outlook, have been systematically exploited in the interests of the dialectical materialism which forms the philosophy of the modern State. (See JACQUES BARZUN: *Darwin, Marx, Wagner*.) Ludwig Mond was a passionate devotee of Wagner.

In 1864 Ivan Levinstein, a Russian-speaking Jew, established an aniline dye works in Manchester and as Philip Goldschmidt,



Mayor of Manchester, was a relation, Mond decided to settle there in view of the demand for chemists and the influence of Jewry. He worked as an employee for some years, spending his spare time in organising Socialist propaganda.

In 1873 he established, with T. E. Brunner, an accountant, the firm of Brunner, Mond, at Winnington, Cheshire, in those days a pastoral county of much beauty. For many years Brunner appeared to be the representative partner, but the Brunner interest was eventually eliminated.

The primary objective was the manufacture of soda by the Semet-Solvey process, for which Mond obtained a licence on peculiarly advantageous terms. The neighbourhood of Winnington was transformed into a stinking eye-sore, and the local population, and particularly the local gentry, expressed their opinion of him in no uncertain terms. The lifelong antagonism, which was inherited by his son Alfred Moritz Mond, against the country gentry is quite probably a factor to be taken into account in considering the subsequent policy of the dynasty.

Mond at once showed complete familiarity with the process now known as "rationalisation." Owing to the unexplained nature of the licence terms under which he operated, he was able to undercut by more than 100 per cent. his competitors in the soda market, whom he bought up and shut down, and in a comparatively short time had almost a complete monopoly. Mond retained close connections with Germany, was a member of the German Chemical Society, and corresponding Member of the Prussian *Academie für Wissenschaften*. Practically every development in British chemistry reached Germany through these channels.

Messrs. Brunner, Mond's activities rapidly extended far beyond the manufacture of soda, and beyond the limits to which it is necessary for our present purpose to follow them. But a consistent policy can be seen from the inception of the undertaking to its disappearance in the larger body to which it gave birth—Imperial Chemical Industries.

That policy is the monopoly of key industries (Nickel, for instance, is an indispensable component of armour plate and machine tools, and Mond control Nickel) together with the transference of information and control to so-called international bodies, the focus of which was in Germany in the first place.

Since it is proposed to show that the international chemical cartel is a major factor in the almost incredible long-term policy to which the World War is directly due, it is important to grasp exactly what is involved. Perhaps the first approach to this end is to be

clear that it was largely a "one-way street." The "patent" aspect of the policy forms a good illustration.

The cartel covering the interworking of Mond interests with the *I.G. Farben* and others, provides for an interchange of patent information. But, to quote Sir William Pope, reporting on the matter in 1917:

"Some German patents are drawn up for the purpose of discouraging investigation by more practical methods; thus anyone who attempted to repeat the method for manufacturing a dye-stuff protected by German patent No. 12096 would be pretty certain to blow himself up in the operation."

In this connection, it is perhaps not without significance that the (Washington, U.S.A.) Brookings Institution, which is generally regarded as a sounding-board for "Big Business," is (1944) circulating a book by its Principal, Mr. Harold G. Moulton, and Dr. Luis Marlio, advocating a "soft" peace for Germany, and in particular, no control for "German" cartels.

Ludwig Mond had two sons, of whom only Alfred concerns us. Being, of course, an English-speaking Jew, Alfred went to Cambridge where his chief recorded triumphs appear to have been in the field of poker, which he popularised. His general character is well illustrated by the remark he made during a tour of Palestine:

"It is madness and profanation to think that there exists anywhere in the whole world, anybody who could prevent us from carrying out our ideal. . . . My hands are not weak, and I will allow no Jew in the world to have weak hands." (*Biography*, p. 362, HECTOR BOLITHO.)

"All through his life, the philosophy of Wagner held and guided him" . . . "just as he loved Cromwell's courage, and sometimes planned his life upon it, so he applied Wagner's philosophy to the problems of politics and economics." (*Ibid*, p. 60.)

It is one of those inexplicable contradictions of the Jewish temperament that this love of Wagner was in the face of the violent anti-Judaism of Wagner himself.

Alfred Mond married Violet Goetze, and the daughter of this marriage married in 1914 Gerald Rufus Isaacs, son of Rufus Isaacs, the negotiator, on undisclosed terms, of the agreement in Washington which arrested the obstructive tactics of the American-German-speaking Jews, in particular the firm of Kuhn, Loeb, and caused them to change from the support of Germany to the support of the Allies. Rufus Isaacs, the brother of Godfrey Isaacs, of the Marconi case, became Marquis of Reading and Viceroy of India. His son,

the second and present Marquis, was Chairman of the Central Valuation Committee under the Coal Act, 1938, which governed the acquisition of mineral rights, and is Chairman of the Council for German Jewry.

Coal, besides being the main mineral asset of Great Britain, is the primary raw material of industrial chemistry and war material. Absolute control of the coal resources of this country would decide in six months or less our ability to resist even a minor invasion.

Such absolute control was an impossibility when the coal was in private hands: it is, legally, a fact since the acquisition of the coal by the "Nation" in July, 1942.

It is necessary, in order to understand the working of super-national politics, to realise that control of a few chemical products means control of war. For instance, it was recently stated by Mr. R. E. McConnell, a mining expert and a war-time Assistant to the Secretary of the U.S. Treasury, that control of two materials only, oil and nitrogen, would give power to defeat any country, however large, which could not obtain them. Coal and oil are nearly interchangeable: nitrogen is "fixed" from the air by power from coal.

While, to the onlooker unfamiliar with international intrigue, a chemical combine such as Imperial Chemical Industries might appear to be a source of strength, the entire situation is altered when it is realised that it is certainly possible, and highly probable that certain controls are both extra-territorial and extra-national. And when, as in the case of Alfred Moritz Mond, the channel of communication had high political aspirations both personal and racial, which did not necessarily correspond with the interests of his more or less temporary hosts, the danger is one which no country should tolerate.

Mond was primarily a Zionist Jew. His immediate colleagues were Herbert Samuel, Rufus Isaacs, Godfrey Isaacs; Mr. David Lloyd George was solicitor to the Zionist Committee, but the whole of the powerful international group of Jews controlling a large part of world finance—Schiffs, Schusters, Rothschilds, Bleichroeders, Warburgs, and others, have to be taken into consideration. To the uninterested, Zionism is a slightly romantic semi-religious cult of much the same character as the Crusades, which, equally misunderstood, are regarded as a symptom of the rudimentary intelligence of our forefathers. The real force behind the Crusades was probably very different to that we are asked to accept in standard history; and Zionism is something very different to a simple scheme for the return of the Jews to Palestine. That is incidental to the moulding of events and Governments to procure a World Dominion for "Israel." The objective involves a perfectly clear, coherent, and

continuous policy on the part of the Zionists. The conditions for successive and major crises must be created and maintained in the world; the means required to deal with each crisis as it arises must be in the hands of Zionist Jews, directly or indirectly: and the use of these means must only be granted to the highest bidder in the surrender of power or the guarantee of its use in the interests of Jewry. In the past the control of money, gold, and credit, has been the primary weapon of the Zionist.

But the money myth has been exploded; and legal control of raw materials is essential to the pursuit of the policy to a final and successful issue. Genuine and unfettered private property of any description whatever, is absolutely fatal to it; and the liberal financing of any movement, "Commonwealth," "Liberal," Socialist, Henry Georgite "Single Tax" or Communist, which attacks the idea of private ownership in anything whatever, can be traced without difficulty, if not to Zionism, to Zionist bankers. This is the answer to the fact which seems to puzzle so many people; that the richest body of individuals in the world should subsidise attacks on wealth. Not a single one of the movements mentioned has ever attacked the Money Power or the Jews. Since it was impossible, after the publicity given to the subject by the election of the Social Credit Government of Alberta, to ignore the subject of Finance altogether, practically all the Left Wing parties now include the "nationalisation," *i.e.*, central control, of banking in their programmes. The objective is similar to that involved in the "Nationalisation" of coal.

During the early years of the 1914-18 phase of the war, the British Empire was heavily handicapped by the chemical situation, particularly in regard to high explosives. The Government Explosive Factories were under the control of Sir Frederick Nathan. Messrs. Brunner, Mond did what they could to help: they constructed a large factory at Silvertown with Government money, but unfortunately it blew up, killing 40 people and destroying 800 houses.

Much misfortune seemed to attend the attempts to produce aniline dyes, although they were discovered by an Englishman, Perkins. But fortunately, after the collapse of Imperial Russia and the visit of Rufus Isaacs to Washington, followed by the Balfour Declaration on Palestine, things soon righted themselves. As Sir Alfred Mond remarked in a speech to the New York Zionists, reported in the *Jewish Chronicle* of November 8, 1928: "Has it ever occurred to you how remarkable it is that out of the welter of world blood there has arisen this opportunity? Do you really believe that it is an accident? Do you really in your hearts believe we have been led back to Israel by a fluke?"

After the cessation of military hostilities in 1918 the explosives and allied industries were concentrated into the control of Nobel Industries, Ltd., with Sir Harry, now Lord McGowan, as Chairman British Dyes Ltd., with Mr. Herbert Levinstein as Managing Director, and Brunner, Mond, with its affiliate United Alkali, merged with these to form, in 1926, Imperial Chemical Industries Ltd. (I.C.I.). Directly and indirectly, Imperial Chemical Industries thus became probably the most important industrial group in Great Britain.

On April 27, 1928, the following paragraph appeared in the *Chemical News* (London):—

### THE NEW WORLD FINANCE COMBINE AND CHEMISTRY.

It would be difficult to over-estimate the importance, not only to British industries, but to the industries of the whole Empire and of the world at large, of the formation of the new Finance Company of Great Britain and America. It represents an alliance of British and American industrial and banking interests on an unprecedented scale.

In the new corporation the largest single producing unit in the British Empire—Imperial Chemical Industries Ltd.—is allying itself with the biggest banking interests in the United States—the Chase Securities Corporation of New York and the Chase National Bank.

The chemical combine has a capital of £65,000,000, and includes over a hundred companies with branches, factories, agencies, etc., all over the world. The Chase Securities Corporation has over 4,000 branches and commands assets amounting to £200,000,000.

The military "defeat" of Germany will, of course, raise the question of the control of *I.G. Farben*, the "opposite number." In considering this situation it should be remembered that Finance always controls Policy.

Having centralised the capital side, and assembled the factors leading to the centralised control, *via* "nationalisation," of raw material, obviously the next step was to centralise Labour control.

At this point, perhaps it may be desirable to touch upon the most formidable difficulty which has to be overcome in mobilising public opinion on major politics. Even well-informed people, when their attention is drawn to the dangers which threaten civilisation, are apt

to say that we are merely witnessing the results of the "Capitalist" or "Profits" system. Nothing could be further from the truth. As Mr. Austin Hopkinson, Member of Parliament for the Mossley Division of Lancashire (Independent) in a recent speech in the House of Commons said: "'Big Business' has nothing to do with legitimate commerce and industry; nothing whatever; it is a purely parasitic growth, living upon the lifeblood of industry and of the workers. It is obvious that Big Business, in collusion with the Labour Boss of the syndicalist type, is preparing a brave new world for these young men (the fighting forces) when they come home. Many Hon. Members will have seen a manifesto by Big Business recently. What did it mean? It meant that great monopolistic bodies will be set up in each industry, vested with statutory powers whereby they may crush every form of independent enterprise by making one great monopoly. By collusion with the labour boss, they would always have a majority on the council for each industry, and by their statutory powers they could always enforce their will on everybody else. If I may quote a familiar Latin saying '*Solitudinem faciunt, pacem appellant*,' which means that these people would make a monopoly, and call it 'peace.'

"This is not the first time we have had to fight against this sort of thing. Many Hon. Members will remember the 'peace in industry' stunt of the late Lord Melchett (Sir Alfred Mond) some years ago, which was exactly the same thing as is being prepared in this country to-day. The idea was to set up large councils for industry on which the big monopolistic firms would have a majority, and if they could work with the labour boss, as they intended to do, they would be able to crush out any chance for any of those young men who are fighting for us abroad. . . ."

The proposals to which Mr. Hopkinson refers were the subject of the Mond-Turner Conferences, and a "Joint Interim Report" of them may be found on pp. 219-230, Trades Union Congress Record, 1926.

No very detailed statement in regard to their outcome was issued. But it is perhaps not without bearing on the question that the headquarters of the Trades Union Congress were moved to convenient offices owned by Imperial Chemical Industries, and the relations between the officials of both enterprises have been continuously amicable. The general public is, of course, not represented.

There is no fundamental, and not much detailed, difference between the Mond-Turner proposals and the Fascism which this war purports to eliminate. It will not be difficult to show that it is a coherent part of a much wider strategy, *adopted* by Germany at

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the time of Frederick the "Great." But each step of this strategy requires assistance from Powers controlling finance and industry. That is to say, political power has to make terms with economic power. The objective of World Domination is quite certainly sponsored by Germany, and in particular, the German Great General Staff. But behind them, we can perceive the movement of forces whose controllers have very different ideas as to the ultimate Sovereignty.

The main proposal of the Mond-Turner Conference was that industrial affairs should be taken out of the hands of Parliament, and dealt with in a kind of Third Chamber, consisting only of members of the Trades Union Congress and the Employers. The resemblance to the Italian Fascist Corporation Council is striking.

Associated with Mond, on the Employers side, were Sir Hugo Hirst (Hirsch), Lord Ashfield, Lord Weir, Lord Barnby, and Mr. Lennox Lee. How far his associates understood the implications of the policy, it is, of course, impossible to say.

The Trades Union representatives were Mr. (afterwards Sir) Ben Turner, Mr. Ernest Bevin, now Minister of Labour, Mr. (now Sir) Walter Citrine, Mr. A. J. Cook (Communist), Mr. Ben Tillett and Mr. Gosling. Of those who survive, it is interesting to note that they have been selected for steady promotion.

"On the subject of rationalisation" (*i.e.*, squeezing out small firms) "the Conference decided that this tendency should be encouraged" (Lord Melchett) with certain pious reservations.

## CHAPTER VI

IN October, 1929, a year after the (British) Bank Notes and Currency Act had placed the British currency and credit system under the control of a non-governmental, and, so far as is publicly known, possibly-foreign-controlled, institution, the Bank "of England," the nine years' period of almost fantastic commercial and industrial prosperity in the United States—a period in which shiploads of millionaires found time to visit Europe, including "Britain," for the purpose of acquiring the assets of our bankruptcies—came to a sudden end. In a month, stocks and shares became almost unsaleable; workmen were discharged in millions, to be followed at a short interval by black-coated staffs and technicians. The United States, and the world in general, had entered on the greatest economic depression in history. The late Sir Henry Strakosch was ready with

an explanation. Primary prices had fallen. Notice the natural phenomenon. No-one to blame.

It is probable that complex theories of Trade Cycles and the effect of sunspots on industrial activity are already in preparation in the London School of Economics and Columbia University, in order that historians may have the material to explain the economic blizzard. But, meanwhile and in fact, its cause is beyond dispute.

Under more normal conditions, industry in the United States is preponderatingly financed by bank loans or overdrafts. In consequence the manufacturer and farmer are under the complete control of the banker, who can, and often does liquidate them almost without notice. The system constitutes the most comprehensive control of policy of which it is possible to conceive, extending to the ability to penalise opinion by economic ruin.

During the decade of abnormal industrial activity, much of which consisted in the manufacture of goods for the reconstruction of Russia and Germany, the American manufacturer accumulated large sums, and bank balances, which, towards the latter quarter of the period, he found it difficult to employ in industry. As a result, he not only made less use of bank money, but actually entered into competition with financial circles for the provision of funds to borrowers not only in the U.S.A. but abroad. Not only were the profits of money-lending threatened, but the industrial subservience to the book-keeper was endangered to an extent which called for immediate action. It was taken. Notwithstanding the immense prosperity of American industry even towards the end of the boom, much of the day-to-day money was as usual provided by current accounts normally fluctuating from large overdrafts for wages, etc., to small credits as these overdrafts were repaid. These were all "call money," *i.e.*, were subject to the fiat of the banker. The industrialists were not organised to lend "call money" and their funds were placed on fixed terms of three months, or more.

At the end of October, 1929, the New York banks, without notice, called in practically every overdraft, and advanced the rate for "call money" from a normal 3 per cent. to 30 per cent. or more. The effect was instantaneous. Borrowers, for the most part in possession of large blocks of securities both American and European (Germany re-possessed herself of her own borrowings at bargain prices), threw them on the market in order to obtain cash, either to meet calls or wages account. But there were no buyers for cash, since there was no cash. The banks had it all, although the country at



large had the securities representing much of the funded wealth of the prosperous years.

For about twelve months, American business staggered down the slope. Any slight improvement in the stock markets (there was none in commodity markets) was greeted by an avalanche of selling orders. Where salaried workers were retained, they were presented with ultimatums requiring immediate acceptance of drastic salary reductions. Living standards, and consequent consumers' buying, fell even faster than wage and salary reductions, as a consequence of widespread lack of confidence in the future—misgivings which were more than justified.

It is probably not without significance that the President, elected by the Republican Party, was by profession an engineer with a natural tendency to favour the producer rather than the financier and the trader. As an instance of the attitude assumed by the Money Power in relation to the Administration, it may be recalled that Mr. Hoover dictated an official memorandum to Eugene Meyer, Chairman of the Federal Reserve Board, drawing his attention to the disastrous consequences of the Board's policy, and requesting reconsideration of it. Mr. Meyer acknowledged the receipt of it and took no action. Eugene Meyer was appointed Chairman of the Reconstruction Finance Corporation by Mr. Hoover's successor.

The Governor of the Bank "of England," Mr. Montagu Norman, adopted much the same attitude, remarking to the "MacMillan" Commission on the working of the Gold Standard, "If the Government will inform us of their policy, we will co-operate as though we were under statutory obligation to do so." This attitude, which agrees with the extra-territorial status of the various Central Banks, founded, together with the Bank of International Settlements, during the Armistice years, is a clearcut assertion of super-nationality. It is quite in accordance with this position that Mr. Norman and other Central Bank Governors remain co-directors of the Bank of International Settlements with those nominally belonging to enemy states.

Under normal conditions, the paralysis of a trade competitor would have reacted to the advantage of British industry. The grip of the Bank Notes and Currency Act (1928) upon trade conditions was so comprehensive, however, that the "depression" while not so spectacular in Great Britain as in the United States (almost entirely because compulsory unemployment insurance, miscalled the dole, masked the widespread misery and despair) was at least as disastrous. Certain areas such as South Wales, Tyneside and the Clyde were in so desperate a condition that they were first earmarked for treatment under the title of Distressed Areas, but later dis-

tinguished as Special, an adjective as descriptive as the treatment they received was abominable. It is the essence of the history of the period that in the face of disastrous unemployment the armed forces were depleted both of men and equipment, and every effort was made to re-equip Germany.

The effect of continuous trade depression on business organisations is uniform. First profits decrease by competition in a decreasing market causing a fall, but not necessarily a heavy fall, in prices. There is no evidence to support the statement sedulously propagated, that the depression was *caused* by a fall in prices. *Before* the panic of October, 1929, American prices were still at a profitable level.

Such fall as did in fact take place was equivalent to a rise in purchasing power and in all probability increased for some time the *volume* of goods bought, and delayed the next stage—the disappearance of profits, the liquidation of reserves, and the separation of business undertakings into two classes: those which were to be supported by bank overdrafts and carried on as bank-controlled organisations; and those which were to be closed down.

In fact it can be seen both by the depression itself, and by the means which were inaugurated to end it when the process was considered to have gone far enough, that elimination of competition was its primary objective.

Lord Melchett (Sir Alfred Mond), speaking at Harvard in 1928 on the Mond-Turner Conference, said: "The high purpose of the Conference could not be more amply illustrated than by the fact that the first agreed resolution published to the world was a Joint Memorandum on the Gold Reserve and its relations with Industry.

"It is merely necessary for me to point out that the issue of that Memorandum to the Chancellor of the Exchequer had a definite result in the policy which he pursued . . . when the Bank Note issue and the Treasury issue were amalgamated this year."

That is surely definite enough. There is probably not a single authority nowadays who would venture to deny that the "economic blizzard" was a monetary phenomenon arising directly out of the parallel monetary policy of the Bank "of England" and the Federal Reserve Board of the United States; that the amalgamation of the Treasury issue with the Bank was a part of it; and that the object of this policy in both countries was advance towards monopoly, then called rationalisation, and now called concentration, or "Planning." Without commenting on other qualities of the Trades Union participants in the Conference, it is safe to say that their qualifications for discussing the effect of Gold Reserves and their understanding of monetary theory were equally non-existent.

The tragic policy to which reference is made with such complacency, besides subjecting the working population of Great Britain, supposed to be represented by the Trades Unionists at the Conference, to six years of desperate misery, is beyond doubt the most important factor amongst those culminating in the Second World War, and the hair-breadth escape of Great Britain from complete disaster in 1940.

On April 21, 1932, Mr. Winston Churchill made the following statement in the House of Commons:

"When I was moved by many arguments and *forces* (my emphasis) in 1925 to return to the Gold Standard, I was assured by the highest experts that we were anchoring ourselves to stability, and I accepted that advice. But what happened? We have no reality, no stability. . . . This monetary convulsion has now reached a pitch when I am persuaded that producers of new wealth will not tolerate indefinitely so hideous an oppression."

The gold exchange standard was abandoned in 1931.

Seen in the light of subsequent events, its resumption had accomplished its purpose—to emasculate British military, naval, and air power, and to create the atmosphere in which "the threat of war" would "induce the British Government to undertake comprehensive Planning." (P. E. P.)

In 1932 the "economic blizzard" approached its height in the United States, President Hoover was completely discredited, most of the smaller industrial firms were wrecked, and attacks on the banking system, as a system, and as a credit monopoly, were increasing to a formidable volume. There were over twelve million unemployed. In November of that year, Franklin Delano Roosevelt was elected President, and in March 1933 assumed office under conditions of nation-wide panic. In many towns, not a single bank was open for business, and all over the country money substitutes of the token class were in daily use. Probably sixty per cent. of the banks were insolvent. Roosevelt's first action was to close every bank. It is significant that the first step taken to deal with the crisis was financial, not industrial.

It is not necessary to the understanding of the general situation to deal with the technicalities of the banking situation, which have been explored, for instance, in *The Monopoly of Credit*. But it may be explained that the American Banking laws expressly forbid what is called Branch Banking (the English system), and American Banks, for the most part, outside New York, were in real and active competition with each other, not merely for customers' accounts, but for re-discount facilities. The old Scottish Banking system, which had many good features, was similar. The prohibition of

Branch Banking had been a great safeguard against the mammoth Wall Street banks, but its fatal weakness was the need to borrow for the purpose of lending. The freezing of re-discount loans by the Reserve Banks ultimately controlled by the Federal Reserve Board, had put the country banks in the position of being helpless against a "run," which occurred in practically every case.

Hundreds of small banks, and some large (but none of the largest) banks had closed, never to re-open. The largest banks were relieved of a good deal of competition.

President Roosevelt devoted the major portion of his Inaugural Address to a castigation of Financiers—not all Financiers, but those who had been uppermost during the Hoover regime. No criticism of the credit monopoly, as such, was expressed or implied.

The new Administration, surrounded by such men as Bernard Baruch, Felix Frankfurter and other international Jews, acted with vigour, and clearly in accordance with a carefully prepared programme. Selected banks were re-opened, and the Federal Reserve Banks, until now entirely quiescent, poured out credits to them on dictated terms which removed any danger of revolt. Large contracts for public works were placed with contractors, and State Employment organisations, whose barely concealed object was the lavish spending of money, rose and expanded. At the same time "controls," which can be recognised as the groundwork of the Planned Monopolistic State, were imposed on each main industry.

Three months later, Mr. Montagu Norman took a holiday, and while he was at sea Great Britain renounced the deflationary policy so relentlessly pursued.

The red light was replaced by green. The traffic was to be allowed to proceed on conditions.

## CHAPTER VII

WE require an intergrowth of the German and Slav races, and we require too, the cleverest financiers, the Jews, for us to become masters of the world. We require an unconditional union with Russia, together with a mutual plan of action which shall not permit any English schemata to obtain the mastery in Russia. No American future!—FRIEDRICH NIETZSCHE: *Genealogy of Morals*, p. 187.

In the main, no great error is involved in dividing responsibility for world disasters into action on two planes. The first plane is

that on which very long term policy, as we consider length of time, is pursued by the same organisation. An attempt to outline policy on this plane is contained in a previous work, *The Big Idea*. It is quite possible, and even probable, that we have to take into consideration more than one tradition. Prussianism seems to be the modern embodiment of one World Empire concept possibly descending from the Teutonic Knights of the Crusading period, just as the Financial Empire of Judaism is another. That the two should unite in Germany appears just as logical as that internal enmity would be inevitable.

But the instruments of this policy, Nations or States, are chosen and retained for much shorter historical periods, and are discarded when a better instrument becomes available. It is in this sense that "Germany" bears a large share of the guilt of the World Wars, and it is in this sense that it is possible to date the inception of the policy with accuracy, and beyond much danger of serious disagreement.

Frederick II of Prussia, commonly and revealingly called the "Great," ascended the Throne in 1740. He has fortunately left voluminous writings of which the *Political Testament* is possibly the most important. The language and sentiments of this work bear in many ways a striking resemblance to those of the so-called Protocols of Zion, and strengthen the belief that the source of the policy of both of them is Masonic. Anacharsis Clootz, who called himself "the personal enemy of Jesus Christ," was a close associate of Frederick, and was a high Freemason.

The philosophy of Frederick, if it can be so described, is not in doubt. He remarks:

"As it has been agreed among men that to cheat our fellow creatures is a base and criminal act, it has been necessary to find a word which might modify the idea; and the word *policy* has been sanctioned to that end. In all probability, this word was selected only for sovereigns, for they cannot really be called rogues or rascals." (Note the curious suggestion of outside influence — Author.)

"However that may be, here is what I think of policy. I mean, by the word *policy*, that we must always try to dupe other people....

"This principle being laid down, do not be ashamed of making interested alliances from which only you yourself can derive the whole advantage. Do not make the foolish mistake of not breaking them when you believe that your interests require it; and above all,

uphold the following maxim: 'That to despoil your neighbours is to deprive them of the means of injuring you.'" (Frederick the Great: *Political Testament*, pp. 8-9, Boston edition, 1870.)

It is possible that the preceding paragraph contains in the shortest form the guiding principle of German national action. And the instrument of this principle is the Great German General Staff. It is necessary to be clear in our understanding of this statement, because the words represent an idea which is completely unfamiliar to the average British or American mind, and misunderstanding of them leads to a misunderstanding of the problem of dealing with Germany. The Great German General Staff (G.D.G.S.) *is* Germany, and the German people are its instrument.

For instance, not very many people connect the attempt to bureaucratise Great Britain with the German General Staff. They do not understand that words such as "military" or "civil" are merely used in Germany for the deception of foreigners.

In Germany the "Civil Service" is simply a branch of the General Staff—an inferior branch. "Big Business" is another branch. "Eric Bramley-Moore," the pseudonym of an American banker resident in Berlin during the Armistice years, remarks:—

"During my work in Germany, I often negotiated for the release of funds belonging to American Corporations. Did I go to the heads of industries, or to the banks? Not at all. I went to the Economic Section of the German General Staff. In every important business firm in Germany there is an Economic Defence Leader, responsible not to the company which pays him, but to the General Staff." (*Reader's Digest*, March, 1944.)

There is a direct line through Marxian Socialism and the endowment of the London School of Economics by Sir Ernest Cassel, the large sums donated to the Labour Party by German-speaking Jews, and its close connection with German Socialists, which connects the German General Staff with the attempt to bureaucratise this country. The object is simple. The G.D.G.S. knows exactly how to use a bureaucracy for its own ends, without that bureaucracy having any conscious participation. And the end is the downfall of Great Britain, as a step to World Dominion.

Once this central idea is grasped, the absurdity of supposing that we are merely menaced by Hitler and something called National Socialism, is only equalled by the naive idea that there is any fundamental antagonism between the *significant* German-speaking Jews

whether in Germany, Wall Street, or elsewhere, and the heads of the General Staff. Both of them are completely indifferent to the sacrifice of large numbers of their co-racialists if the main strategy is thereby advanced.

Werner Bruck, himself a Jew, and Assistant to Walther Rathenau, one of the group of powerful German-speaking Jews who surrounded the Kaiser, says in his *Social and Economic History of Germany*:—

"This militarism has rightly been called the cement that bound the whole structure of society into an entity. It was, and still is, an outstanding expression of the efficiency of the Supreme State . . . the giant industrial plants, large savings banks, local branches of the Social Democratic Party (Marxian Socialists) functioned through men of the type of captains, or non-commissioned officers."

At the present time, when we are supposed to be fighting the German spirit as well as the German armed forces, we hear through all the main channels of controlled propaganda (and all the main channels are controlled) of the necessity for "economic planning." The original coiner and user of the phrase was General von Moellendorf, of the German War Office.

The German *Weltanschauung* of political and economic world hegemony must be recognised, therefore, as a coherent and unified policy having successful war as its continuous objective. It is in this that the fundamental difference between the German and the British General staffs can be seen. The British General Staff is quite as capable technically and professionally, but its objective is quite different. The problem put to the British Staff Officer is to be prepared, within the narrow limits of peace-time financing, for any eventuality, and especially for the more likely eventualities. His role is essentially defensive and strategically passive.

That of the German is offensive and active.

It may be desirable to point out at this juncture that the so-called efficiency of the German is purely functional and has led him from one disaster to another, as it would lead us if we copied it. The weakness of democracy, in its present form, is not lack of "planning," but in the existence of financial and industrial oligarchies whose mentality is sympathetic to Prussianism, and in fact is largely interlocked with it.

Since the origin of the Russian "Communist" policy is identical with that instilled into Frederick II by Anarcharsis Cloutz, they are in essence similar. The coalition of Germany and Russia is logical, but the Russian mentality is very dissimilar to that of the German, and may easily contribute unrehearsed developments.

CHAPTER VIII

ON November 11, 1918, at eleven o'clock—the eleventh hour of the eleventh day of the eleventh month, an Armistice in the World War came into force between Germany and the Allies, France and Great Britain, with the Associated Nation, the U.S.A., concurring. The slightly mystical character of the date and hour is not without interest.

Germany was beaten. The military history of 1918 is curiously unconvincing, but certain facts stand out. Powerful forces were at work behind the German Front to halt the war before American casualties became serious. And the German Staff was determined that the destruction wrought in France and Belgium should not be repaid in kind on German soil.

Palestine had been conquered by General Allenby's Forces, and Russia had been reduced to chaos, through the agency of a sealed train of expert revolutionaries, headed by Lenin (Oulianoff) and Trotzky (Bronstein), almost all of whom came from New York.

London abandoned itself to an orgy of relief and rejoicing. Mr. Lloyd George stampeded the country into a General Election with the main items in his programme announced as "Hang the Kaiser" and "Make the Germans pay." The Kaiser died a peaceful, natural death in the Castle of Doorn, Holland, twenty-two years later, Herr Hitler, the National Socialist, having given orders to the German troops invading Holland that they were not to approach the Castle nearer than one mile, so as not to disturb him. It is instructive to consider the success of the second item.

It should be remembered, however, that hardly had the guns ceased fire, than numbers of distinguished and well-patronised economists the world over announced that it was impossible to make Germany pay. The basis of this statement was not that Germany *could* not pay. It was that the Allies could not afford to be paid. A conspicuous exception to this attitude was the United States, the Associated Nation, which not only insisted on being paid "out-of-pocket expenses" by Germany but the much more considerable debts incurred by the Allies, and underwritten by Great Britain. It must be remembered also that Great Britain entered the war a large creditor of America; parted with gold and securities to an amount almost equal to the debt; and received in return war material, much of it so inferior as to be almost useless, and all of it at tremendously inflated prices.

It is impossible to understand the extraordinary collapse of the power and prestige of Great Britain at the end of a victorious war



on any grounds other than that the terms upon which the United States entered the war (which were certainly dictated by German Jews to Wilson), contained provisions which were designed to ensure not merely the temporary defeat of Germany, but the permanent impotence of Great Britain.

The freedom previously enjoyed by Great Britain in regard to foreign policy disappeared with the entry of the U.S.A. into the war. What, then, did the economists mean? There is little doubt of what they meant. It was not that Germany could not pay, and not even that Germany could not be made to pay. It was that all the politicians were in the hands of the financiers, and had been made to understand quite clearly that the interests of finance were paramount. This involved certain clear issues. The first of these was that every effort must be made to re-establish gold as the basis of payment. (Rufus Isaacs, Lord Reading, had agreed in Washington that British debts to U.S.A. should all be paid in gold). The second was that everyone should be poorer—or think themselves poorer—so that "employment" for wages might be re-established everywhere as quickly as possible. Whoever was to be paid, it must on no account be the ordinary individual. The third was that debts to bankers must be given priority over debts to Governments. And the fourth was that the American-speaking German-Jewish bankers such as the Warburgs and Schiffs who were paramount at the peace conferences, were determined that Germany should be in a position to renew the struggle at the earliest possible moment. Apart from other reasons they had done too well not to wish for a repetition.

The first payment ordered by the Reparations Commission was in kind. The German Government were ordered to deliver 2,234,000 tons of coal per month. After numerous protests at non-delivery by the French Government, the Reparations Commission informed the Allied Governments on June 30, 1920, that Germany had voluntarily defaulted on coal deliveries. She could deliver, but she would not.

At Boulogne in May and June, 1920, the Reparations Money Indemnity was fixed at 269 milliards of gold marks, spread out over 42 years. The Germans did not pay. The paper mark began to fall in exchange value which would normally indicate that she was importing more than she exported. Enormous quantities of paper marks were sold to speculators in foreign countries for gold currencies. When these became valueless the Germans had received a considerable war indemnity and wiped out their own National Debt.

Germany had agreed to supply large quantities of timber. On December 26, 1922, the Reparations Commission declared Germany in voluntary default in the delivery of timber.

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On January 26, 1923, the Reparations Commission declared Germany to be in general default both in respect of deliveries in kind and in monetary payments.

By this time, France and Belgium were ranged in solid opposition to Great Britain, and the forces working through the British Government were assisting Germany in every way to defy France. On August 11, 1923, the mark collapsed completely, and became worthless. As a consequence German properties were bought up for trivial sums in dollars by Jews with foreign balances.

We now enter the almost incredible period of the Dawes and Young Plans by which Allied and American bankers, under an American Chairman, supervised the building up of German credit, and provided the funds for the modernisation of German industry. With Mr. Montagu Norman as Governor, and a nominee of the Federal Reserve Board, Dr. Sprague, to advise him, the Bank "of England" co-operated with New York banks in assisting Dr. Schacht, described by Lord Vansittart as "the most oleaginous rascal I have ever met," to obtain large sums of money from both countries, small fractions of which were returned as "reparations." This fantastic situation finally came to an end with the failure in May 1931 of the *Credit Anstalt*, a large Austrian bank which had been supported by the Bank "of England," which coolly transferred a loss of £40,000,000 from its own accounts (the Bank "of England" being a privately owned bank) to the debit of the Exchange Equalisation Account, which is national property. Germany declared a moratorium which finally terminated all reparations payments. At the same time President Hoover declared a moratorium which temporarily suspended Allied payments to America.

Turning to the military aspects of this period, Article 160 of the Treaty of Versailles read, "The Greater German General Staff and all similar organisations shall be dissolved, and may not be re-constituted in any form." The G.D.G.S. merely went into plain clothes. The Treaty limited the Germany Army to 100,000 men. General von Seeckt trained them all as officers, which most of them had been before. Von Seeckt made a secret arrangement (and this is significant because "American" influence in Russia at this time was paramount), whereby army units were trained in the Soviet Union, and an aviation school was established near Moscow. The "Black *Reichswehr*" was set up to thwart the Allied Control Commission, and to spend secret funds where they would further the main object: to weaken the military power and national morale of Great Britain and France, and to build up that of the Reich.

This steady pursuit of a fixed and unalterable objective was

completely independent of the various forms of Government which succeeded each other in Germany in the fifteen years between the Armistice and the accession to power of Adolf Hitler, the ex-corporal who had been a paid spy for the Army. To suppose that he came to power without the consent of the G.D.G.S. is simply to misapprehend the possibilities of political Germany.

It may be convenient at this juncture to emphasise an aspect of the matter which has an importance, if possible, greater at the present time than during the period of German re-armament. Both Britain and France had staffs of men in Germany on the Reparations Commission, and in other capacities, who knew what was going on, and reported their findings. British business men visiting Germany reported the drilling of thousands of armed men in every district of Germany. Mr. Douglas Reed, for some years a foreign correspondent for *The Times*, has stated that his warning despatches were suppressed.

Almost up to the outbreak of war in 1939, the British public was abysmally ignorant of the situation, so that Mr. Stanley Baldwin, with that engaging honesty which must ensure him a place in history, remarked in 1936, "Supposing I had gone to the country and had said 'Germany is re-arming; we must re-arm.' Does anyone think this pacific democracy of ours would have rallied to that call?"

The British Press, with a few honourable exceptions, played down the dangers which lay clearly ahead, and were supported by the "British" Broadcasting Corporation, the latter under the obvious control of the Bank "of England." Broadly speaking, the British Press is controlled by international Big Business and Finance. The Labour-Socialist Party did everything possible to hamper re-armament, and actually stopped the completion of the Singapore Base (not on technical grounds, which appear to have existed, but for pacifist reasons).

At the present time, we are being presented with the same description of distorted information on the social conditions of the totalitarian states, and notably of Russia, whose military prowess is systematically confused with social well-being.

It is impossible to dispute the evidence which is available that there is a tacit conspiracy between the international financier with his controlled press, and the international socialist, to stampede the general public through the agency of continuous mis-information, just as the same forces prevented the British Government from utilising the unemployment period of 1928-1933 to anticipate and suppress the German re-armament which proceeded throughout with unabated vigour. Does Lord Baldwin or anyone else suppose

that the unemployed in the Distressed Areas would have refused to make guns in 1930?

It must be obvious to anyone who will give the matter serious consideration that *the interests which control British publicity consciously worked to emasculate British military power and to build up that of Germany, and that they were assisted, whether consciously or not,* by certain carefully selected Trades Union leaders who moulded the policy of the Labour Party in accordance with the parallel policies of the German-speaking Jew-inspired Fabian Society (later, P.E.P.) and the Zionists.

In the Report of the (U.S.A.) Custodian of Alien Property, published in 1919, after explaining the care with which German control had been concealed, it is remarked:

"In many of the large German-owned companies taken over by the alien property custodian after investigation it was found that espionage was one of their chief functions. Every scrap of information of commercial or military value to Germany, was carefully gathered by the representatives of these concerns in this country, and quickly forwarded to the home office in Germany.... Especially the American chemical industry was a natural centre for German espionage."

J. Carlton Ward, President of the Fairchild Engine and Aeroplane Corporation, speaking at the Ritz-Carlton Hotel in New York on January 20, 1943, said:—

"Britain began to re-arm very slowly in 1935. That so-called slow phase of re-arming extended through 1937. The British political situation at that time has had a fairly close parallel in the United States. The Government was not free to spend the monies required for armament."

It should be noticed, therefore, that German re-armament was being assisted by dominant powers in New York and London; in both centres this re-armament was played down, and political parties notoriously dominated by "internationalism" opposed defence measures; and that Germany and Russia alone devoted single-minded attention to preparation for war.

The control of the money policy of Great Britain is predominantly in the care of the Bank "of England." The control of the monetary situation in the United States is predominantly in the hands of the Federal Reserve Board.

Since it is probable that the Jewish question will be one, if not the major, preoccupation of the twentieth century, the obvious

contradictions of German policy in this regard demand attention. In the world's press at this time (1944) "Nazi," a Jewish word meaning "Prince" as well as National Socialist, is made to appear synonymous with the persecution of the Jews. How much persecution there really has been will not be known until a much later date. That there has been some, is quite logical and understandable. The inflation racket inflicted untold hardships on the general body of the German people. German-speaking Jews were conspicuous exceptions. They appeared to be possessed of large quantities of American currency or credit, and used it to buy out every German business, and even personal property, from a population which saw its means of contact with food and lodging disappear overnight. A raging thirst for revenge was undoubtedly widespread, and in the lawlessness of the times some of it found satisfaction. But that the genuine *higher* policy of Germany is anti-Jew is patently absurd. There is abundant evidence that Hitler received exactly the same kind of support from powerful Jews as did the Kaiser.

On the authority of the pre-*Anschluss* Vienna police, Hitler himself is an illegitimate descendant of a Viennese Baron Rothschild. Martha von Haushofer, the wife of the leading German exponent of geopolitics, who is said to exercise almost the major influence on Hitler, is a Jewess. Many important German-speaking Jews are just as powerful in Germany, so far as can be gathered from relevant evidence, as they were in the reign of the Kaiser, *and after*. They are in accord with the G.D.G.S. or they would not be there.

There is a rich and powerful body of Zionist Jews working in Palestine by the same methods of organised assassination and terrorism as were financed in Russia by the New York Jews, to embarrass the British Government in its fight with Germany—the alleged persecutor of the Jews.

In comparison with the atrocities perpetrated in Russia on Russians at the behest of German and Russian-speaking Jews, both in numbers and nature, it appears certain that the "atrocities" stories are exaggerated out of all proportion. But they have an obvious use. They form an excuse for forcing the barriers of immigration laws. And the objective is exactly that of parachute troops—to get behind the enemy's lines. The effect on internal politics of the "refugees" in every country ought to be sufficient indication as to the identity of the enemy.

The indisputable fact is that there is a coherent Jewish policy everywhere. At the present time it can be seen in full operation in practically every country in the world, *and on both sides of the fighting-line. It is the conditions which are inseparable from total war which*

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*alone make possible the erection of the bureaucratic state alike envisaged by the Jews and the Great German General Staff as the instrument of World Dominion. Hence, so long as this influence is allowed to operate, we can expect one war after another until someone has enslaved the planet.*

The Rooseveltian "New Deal" was an attempt at a more or less bloodless revolution which would centralise power in the U.S.A. It failed to achieve sufficient success to be stable. The war was the next step. "War is the pursuit of policy by other means." (CLAUSEWITZ.)

## CHAPTER IX

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

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

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

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

The Chamberlain family, of sound British stock and stable middle-class history, rose to considerable but not outstanding wealth largely through their connection with the Birmingham firm of Guest,

Keen & Nettlefold, the early manufacturers of the wood-screw known as "self-driving," *i.e.*, not requiring a hole to be bored for it. Later, amongst other interests, they acquired control of the small joint-stock bank, the Birmingham & Midland, which, by amalgamation and expansion became the largest Joint Stock Bank in the world, the present Midland Bank. Even here their influence is probably more sentimental than financial.

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

But the history of the Midland Bank during the Armistice years is marked by several features unique to it amongst the "Big Five" banks to whom the numerous smaller banks had in the main been affiliated. The first of these was the series of Annual Addresses by Sir Edward Holden's successor, Mr. Reginald McKenna, a politician rather than a banker, of which perhaps the most significant was that containing the famous statement, "The amount of money in circulation varies only with the policy of the banks. . . . Every loan creates a deposit, and the repayment of a loan destroys a deposit . . . the purchase of a security by a bank creates a deposit, the sale of a security . . . destroys a deposit." It is unlikely that these Addresses were actually written by Mr. McKenna himself, and some grounds exist for the belief that he did not understand them, but there is little doubt that they were part of a considered and immensely important policy operating through the Bank as an organisation. The Bank "of England" was not amused. The Gold interests with Sir Henry Strakosch and the *Economist* were not amused. The Chosen Race were annoyed.

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

A decorous disapproval of Bank "of England" policy, and of

Mr. Montagu Norman, was fairly evident, the "chequelet" incident to popularise small cheque payments being a case in point.

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

It is difficult to dissociate the position and influence of Neville Chamberlain from the importance and outlook of the Midland Bank. He had the tidy, narrow, bureaucratic mind of the dealer in figures, together with the imaginative deficiency of the English middle-class. He was scrupulously honest, and his standard of political honour was far above that to which post-war British politics had fallen. He was a genuine patriot, and it is highly probable that he was so disgusted with the pseudo-democracy which was leading clearly to disaster, that he fell easily into the trap which opened invitingly before him.

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



understood in the light of these arrangements, in particular the interlocking of the Midland Bank with the largest American Bank, the Chase National.

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

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

But the spate of synthetic bilge regarding our unpreparedness which was poured out from domestic quarters which had done everything possible to encourage Germany and to hinder re-armament in this country is only explicable on the assumption that a well-known technique of the Communist Party was in operation—to accuse your opponents of what you have done, or intend to do,

yourself. Not a single word of this abuse was directed to the Money Power, the Press or the B.B.C. It must be remembered that the internationalist policy was interlocked with such institutions as the League of Nations, the International Labour Office and the Bank of International Settlements, inaugurated with the assistance and blessing of Viscount Snowden. The same group of noisy Socialist journalists, most of them deriving such ideas as they possessed from alien sources, who shouted "Down with the Men of Munich," had worked and talked against re-armament and extolled collective security, while demanding intervention in favour of Abyssinia and Communist Spain. Their assumption of the right to a moral attitude for which they were not prepared either to work or fight is perhaps the only palliation of Mr. Stanley Baldwin's foreign policy, or the lack of it.

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

It must be insisted that the tragic history of the Armistice years was neither adventitious nor inescapable. It is quite true that the number of individuals who are capable of estimating the consequences of an economic policy is not large. But the moulders of socialist-cartelist policy knew exactly where they were going, and they were going in the same direction in every country. The objective was a rigid, comprehensive military-industrial framework in which the individual would disappear except as a tool of high policy. It was the complete antithesis of everything the Englishman had built upon the foundation of Magna Charta and Habeas Corpus, and

## THE BRIEF FOR THE PROSECUTION

it led us straight to the beaches of Dunkirk and the arrest and imprisonment of nearly seventeen hundred persons without trial and without the formulation of a charge, under Regulation 18B.

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

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

It is the fashion to ascribe political mistakes to ineptitude rather than to moral turpitude. To a considerable extent this is justifiable in regard to the ordinary individual. For instance, nothing could be at once more tragic and more widespread than the idea that Socialism and "Planning" is the legitimate inheritor of political and economic liberalism.

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

exercised through the monopoly of credit. Only war could provide the conditions and the time. The writing was—and is—on the wall.

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

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

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

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

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

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

For instance, bulk buying may enable low prices to be paid for

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

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

It may be objected that many of the facts to which reference has just been made have been elicited by "National" Committees, Royal Commissions, and similar bodies. This is true, but it will be noticed by anyone who will take the trouble to read the literature of the Fabian Society or P.E.P. in the realm of industry, or the Royal Institute of International Affairs ("Chatham House") in Foreign Affairs, that such findings are never quoted, and the impression conveyed is always that of the inevitability, as well as desirability, of larger units.

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

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

But the second, that the money is and should be, non-political, was an outstanding instance of the tribute which vice pays to virtue. It will be necessary to treat this principle with some attention at a later stage of the argument. It is sufficient for the moment to indicate

that it is entirely and openly abandoned, not only in the "managed money" system in operation since 1931 in Great Britain, but in practically all the proposals for monetary reform other than those associated with Social Credit. And "managed money" is simply Planning from the top—*i.e.*, the Bank "of England."

## CHAPTER X

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

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

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

RUDYARD KIPLING, "The Old Issue."

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

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

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

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

The public activities of P.E.P. emerged in 1933. In 1938,

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

It is frequently observed, by those who have given only superficial attention to the matter, that it is perverse to object to planning. Much play is made with "the necessity of regarding the problem as a whole." The implication is that the planning to which reference is made is the alternative to what is commonly called "muddling through." The fact that practically every article we use, from a teaspoon to a motor-car, is the result of skilled, intensive planning is apt to escape notice, yet we do not plan teaspoons and motor-cars "as a whole."

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

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

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

It is at this point that the fundamental and irreconcilable antagonism between the German and the British, the socialist and the

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

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

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

Where the unreasoning instinct of the Englishman (and in this the Scot and the Welshman are not so obviously included) has been so remarkable is that it has led him to a decision on a matter in regard to which reason would require an array of fact inaccessible to the great majority. Without arguments he accepts the bureaucratized state as largely inevitable in war; without argument, he indicates that it is unpleasant in war and intolerable in peace.

But it is doubtful to what extent it is generally realised that retreat from the centralised, Socialist State is much more difficult than progress towards it. Vested interests in bureaucracy are not alone the cause. The situation has been put with accuracy by Professor Brutzkus, from 1907 to 1922 occupant of the Chair of Agricultural Economics at St. Petersburg, who remarks: "it should not be forgotten that the communist state, with all resources at its



free disposal and resting on an absolute dictatorship, is the most powerful in the world; while the subjects of such a state are the most impotent of all peoples." (*Economic Planning in Soviet Russia*, p. 136.)

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

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

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

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

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

can be found in the nature, transformation, and mechanism of taxation.

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

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

It has been proved repeatedly, by the most orthodox economists, that the distribution of surplus money income over the bare subsistence level would be quite inadequate to raise the general standard of living to any tolerable stage, and would kill any but elementary industries. Over twenty years ago, Dr. Bowley stated that the confiscation of all incomes over £160 would only provide £25 per

family if the sum confiscated were completely and evenly distributed. It is being proved at this time, when we are spending £14,000,000 *per day* that the confiscation of the *money-wealth* of the well-to-do would not take us very far, since on Dr. Bowley's figures, when there were well-to-do, they, collectively, had only about two-thirds of a million a day to spend.

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

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

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

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

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

## CHAPTER XI

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

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

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

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

"I wish to say with respect to private enterprise that I do not consider it the duty or obligation of private enterprise anywhere to provide jobs . . . there is a lot of criticism being made of private enterprise to-day. The only thing I can see wrong in private enterprise is the abuse of it . . . when the socialists contend that the way to deal with the abuses of the private enterprise system is for the nation to take it over, that is equivalent to saying that we ought to abolish freedom lest it be abused." Mr. Kuhl then demonstrated

that the agency through which the private enterprise system was perverted was the financial system, whose defects would remain unaltered by the abolition of private enterprise, and could be rectified without nationalisation.

While to the minority who have avoided the political economy of the London School of Economics in devoting serious attention to the problems which it obscures, there is nothing in Mr. Kuhl's speech to arouse comment beyond its clarity, it is probable that to the general body of the public such sentiments would appear at the best eccentric, and at the worst subversive. The idea that a leisured class is decadent, and therefore, *a fortiori*, a leisured nation is a nation lost, has been so carefully injected into common consciousness, that evidence to the contrary is powerless to inspire reconsideration of the patent fallacy. It is not so much that an inner ring of clear-sighted and immensely powerful men realise that "employment at a fair wage" is the key to the universal serfdom which they are determined to impose on the world, which is dangerous; it is that large numbers, perhaps the majority of the electorate, are nearly incapable of conceiving of a better condition in life. There is not a newspaper of large circulation, no matter what its alleged politics, which does not stress "the necessity for full employment" while at the same time either openly or covertly hinting that bare work-house maintenance, if that, will be allowed to objectors.

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

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

When the Archbishop of Canterbury, Dr. Temple, said "We need supremely the control of human purpose" he merely voiced, doubtless without realising it, the views of the world dominator everywhere. The only distinction which can be legitimately drawn

in Power Politics, of which the Archbishop's phrase is a synopsis, is the relative degree of progress to the goal of domination, and in this the Great German General Staff represents the summit of achievement up to the present. To what extent the United States of America is briefed, under the same essential direction, to assume the major role is not so apparent as it was some time ago. There is nothing like the same homogeneity either of race or sentiment as in the case of Germany.

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

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

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

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

## CHAPTER XII

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

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

To understand the situation it must be realised that both land

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

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

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

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

But the injustice goes much further. "The Minister" may spend indefinite sums of money for his own purposes, and when the land is given back, the owner, who has not been consulted, and whose opportunity to benefit by the expenditure has passed, is called upon to repay these sums. And for this purpose "The Minister" is placed by statute in the position of a mortgagee, so that he advances money to himself as tenant without effective check, on the security and credit not of the tenant but of the owner who cannot control



him. Clearly, that is not a war measure—it is a political manoeuvre of a far-reaching nature, involving a complete body of powers expressly repugnant to English Common Law, as well as equity.

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

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

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

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

It is perhaps unnecessary to recall that Sir William Beveridge was from 1919-1937—the dates are significant—Director of the London School of Economics, the institution endowed by Sir Ernest

Cassel, the German Jew, "to train the bureaucracy of the future Socialist State," and a member of the Royal Commission on Coal to which reference has been made.

### CHAPTER XIII

TO anyone who is prepared to consider the evidence, it must surely be conclusive.

The episodic conception of the history of the past hundred years is quite untenable. It would be absurd to suggest that the period does not comprise a large number of unrelated incidents of high importance, in much the same way that the life of a man with one single and over-mastering ambition is bound to include events which are neither sought nor anticipated. But in the main the picture is clear. Germany, from the time of Frederick of Prussia, has been the chosen instrument of power politics, the objective of which is simply concentration of power—the stripping from the individual of the freedom of action which is his birthright, and its transfer to an organisation which, from one point of view, enhances the power of a small number of chosen individuals beyond anything conceivable in the absence of the policy and its appropriate organisations. Without in the least attempting to introduce an argument which is germane, but belongs to another plane, it may be observed that this aspect of the matter has been closed some time ago by the enquiry, "What shall it profit a man if he gain the whole world, and lose his own soul?"

It may be objected that there is no ground for the separation of this period from any other—that history is one long struggle for power. That this is true is perhaps most clearly expressed in the words of F. R. Bienenfeld, the Jewish writer previously quoted:

"Within the Jewish community as a whole, a phenomenon may be noted which has regularly recurred during the past 2,000 years, namely, that at any given period that section was always considered the most advanced which had most freely submitted to the influence of the high culture of its environment, *and had been most active in furthering it.* [My emphasis.]

"That is why a Babylonian, Alexandrian, Arabian, Spanish, Dutch and German period may clearly be distinguished in Jewish history. . . . *The German period of Jewry has now come to an end, the Anglo-American period has begun.*" (Emphasis in original *The Germans and the Jews*, p. 245.)

This is precisely, with certain reservations, the impression which must be obtained by an intelligent observer—that the rise and fall of nations is due to a manipulating influence interested in conflict. That this statement is legitimate must be admitted by anyone who will consider the distance which separates the personal aspirations of the average individual from the life which he is forced to lead when conscripted by the all-powerful state to fight in a quarrel which is not his in any fundamental sense.

It is remarkable that, for instance, Herr Bienenfeld does not appear to notice that the passing of Germany is the culmination of a period in which German culture has been almost passionately admired, and largely dominated by Jews, while the transfer of this element to Anglo-Saxondom is contemporaneous with the attempt to impose upon Great Britain and the United States a "planned economy" of precisely the nature associated with the Great German General Staff—a culture and economy which can be demonstrated to lead to the same ultimate catastrophe. But the synchronism is incontestable; and a recognition of it ought to expose the fallacy of supposing that the defeat of Germany, *by itself*, will dispose of the menace to civilisation. Still less, that a so-called Anglo-Saxon hegemony infested and dominated by the ideas which have been uncovered "in war, or the threat of war," would do anything but ensure a further holocaust.

But a consideration of this evidence, while it does nothing to diminish our recognition of the task with which we have allowed ourselves to become confronted, does indicate the general direction which must be pursued. And that direction is radically different from the official programmes current at the moment. Salvation is not to be found in greater and still greater agglomerations of power—in "Law, backed by overwhelming Force," in International Air Forces ruling the skies and the earth by an Aerial Board of Control after the manner of Kipling's story *As easy as A.B.C.*—doubtless an indiscreet dramatisation of an already contemplated policy.

It is, and can only be found, in bringing into actuality the existing cleavage between the individual desire to pursue an individual end and the group pressure to reduce the individual to an amorphous mass—a biological entropy.

Only an outline of major strategy to this end is either possible or desirable at this stage. But it may be helpful to consider this in general terms. Restoration of the sovereignty of the individual over his own affairs is of the essence of it.

## PART II

### CHAPTER I

CERTAIN premises are an essential starting-point for any useful suggestions in respect of the situation we have to face. The first of these is that a comprehension of a sound policy is by no means an identity with a comprehension of the means by which it may be achieved.

The first may be emotional or intuitional; but the second must be technical. There is, fortunately, no lack of the former, but there is immense confusion as to the latter. It is in this difference that one of the greatest difficulties of genuine reform resides. The complaints of the under-privileged have been wholly justified; their remedies have often been inspired by their deadliest enemies. In small matters, most people are quite aware that it is absurd to tell their shoemaker how to make shoes, but reasonable to complain that their shoes hurt. But, to take an important example, once the average voter has grasped the idea that there is something wrong with the money system, it is rarely that he does not attribute its defects to something he has been taught to call private enterprise, and agree that it should be perfected by the nationalisation of the banks. Since monetary reform is not merely vital, but is becoming topical, we may begin the examination of a new policy by a consideration of certain elementary aspects of money, and perhaps the simplest approach is by an inspection of its origins. We may observe that, amongst many reasons for this, is the fact that previous researches have established the fact that centralised sovereignty is at the root of the world's ills; and money is connected with economic sovereignty.

The word "pecuniary" derives from *pecus*, L. cattle, and probably the earliest form of currency, by which we mean something which is not wealth, but can be exchanged for wealth, was a leather disc given by a nomadic cattle *owner* to a buyer who did not at once wish to remove his purchase. The currency was issued by the *owner of the wealth*. To the extent that his ownership was absolute, economic sovereignty resided in him.

The next stage was the accompaniment of war and social insecurity. Wealth was deposited with goldsmiths for safe-keeping, and their receipt became currency. The issue of currency thus passed from the owner of wealth to the *custodian* of wealth. It is easy to prove that the goldsmith's receipt, which was often a fraudu-

lent receipt, is the prototype of the bank note. Sovereignty largely passed to the goldsmith bankers, who "created the means of payment out of nothing." Finally currency and cheques on drawable deposits became simply bankers' credit, which was not owned by either the owner of real wealth, *per se*, or the producer of wealth. This is quite easy to prove by an inspection of any balance sheet, in which it will be found that "real" items and monetary balances are to be found on the same side, and both are *assets*. This would imply that someone, somewhere, actually owes to the possessor of money, a "real" asset corresponding to the money, and that this individual shows this property in his accounts as a *liability*. There is nothing in the facts or accounts of the business system to confirm this conclusion, but there is much to suggest that bankers have a concealed lien on nearly all property.

There is little difficulty in demonstrating that the money system will only work satisfactorily when sovereignty over his share of it is restored to the individual. It is unnecessary to develop this thesis here, since it has been fully explored in such books as *The Monopoly of Credit*. The point that is germane to our present enquiry is that there is no evidence to indicate that a nationalised banking and currency system would be anything but more oppressive than a partly decentralised system. Each approach to centralisation, and this approach has been rapid, has increased the tyranny of Finance, a tyranny which in itself is technical, but becomes political by reason of the immense advantages which accrue to its manipulators. There is no more effective claim to totalitarian power than the claim to the sole right to issue and withdraw (tax) money, and no mere manipulation of monetary technique which does not resolve and decide this question can do anything but complicate the problem.

It may be objected that the preceding outline ignores the metallic currency of the Royal Mints. So far from this being the case, the royal prerogative of striking coins is a relic and confirmation of the original theory of money. The King was, as the "Crown" in theory still is, the ultimate owner of everything within his sovereignty. Land and chattels were held ultimately from the King, *and the possession of his coinage was simply an acknowledgment of a grant by him*. Those well-intentioned people who feel that nationalisation of banking, with its attribute of credit-money creation is desirable, would do well to realise what it is they are proposing, which is the Divine Right of Kings, *tout court*, without a responsible King.

It is not necessary to infer from the preceding analysis that the establishment of a mint for every household is desirable. The money system is complementary to, and useless in the absence of, a price

system. A corollary of this is that *the price of articles is the direct sum paid for them, together with the proportion of involuntary payments in the form of taxation, which accompany residence within the sovereignty.*

That is to say, every rise in price, whether direct, or in accompanying taxation, is a transfer of economic sovereignty from the individual to a centralised Sovereign. And the imposition of any condition of law on the free purchase of any article is a similar transfer.

It will be noticed that managed currency systems ostensibly intended to keep price levels constant, are incompatible with economic decentralisation. Managed currencies are controlled currencies and require a controller. The essential requirement of a free economy is radically different. In such an economy the proper function of money is to reflect facts, not policy. If it is a fact, as of course it is, that the "costs" of production are in reality, if not in unstable currency units, decreasing, then both individual prices, and consequently price levels ought to move to lower levels to reflect this process. The argument that falling prices mean loss to producers and stagnant trade is merely perverse. Compensated prices even of a crude and unscientific type are a day-to-day process at the present time, and deal with this situation simply, comprehensively and successfully.

Falling prices, by themselves, are the most perfect method of passing improvement of process on to consumers. They have the effect of increasing real and psychological credit, and raise the international exchange value of the unit, which loses any economic reality if "controlled" or "pegged." The method of "spending money into circulation to 'preserve' [*i.e.*, to raise] the price level" now being advocated under the title of a twentieth-century economic system, is simply a vicious form of managed inflation, ultimately accompanied of necessity by cumulative industrial waste. Assuming that it is understood by its sponsors, it is an attempt to perpetuate government by finance.

There is little doubt, however, that while a price system based on facts and consequently insusceptible to manipulation, if the facts on which it is based are published, is a primary essential, a national dividend is only less so. The attempt to capitalise this necessity by a levelling-down process masquerading as contributory social insurance has already been noticed. The justification for a non-contributory dividend both theoretical and practical has already been explored and demonstrated, and it is unnecessary to repeat the arguments at this stage.

## THE BRIEF FOR THE PROSECUTION

It may be observed that a satisfactory restoration of the money system to its essential principles is vital to the preservation of money systems of any description. Failure to achieve this objective would at no great distance in the future deprive mankind of what might be one of his most valuable mechanisms.

The idea that, in the engaging words of the letter attributed to the American Bankers' Association, "Chattel slavery will be abolished by the war. . . . We can achieve the same result by controlling the money" is even yet a fond aspiration in many quarters by no means negligible. But, in the face of wider knowledge of the nature and functions of money the attempt, although it will doubtless be made, will merely result in the final elimination of "bankers' money."

## CHAPTER II

AT the present time, we use words for political purposes which either have no meaning, or, if correctly defined, describe something which does not exist. We do this at our peril. Democracy is such a word.

Most of the students of this question will find it less elusive if they will bear in mind the legal maxim "No law without a sanction." Who controls the "sanction"—the power of enforcement—controls the law.

The etymological description of democracy is "popular government, rule by the people" (Skeat). Out of six words comprising this double definition, four require definition in themselves—"popular," "government," "rule" and "people."

But even so vague and inexact a definition as that of Skeat would probably not be advanced by most people, who would say that democracy is rule by the majority, or universal suffrage. And if asked to name the democracies, they might reply, Great Britain, the British Dominions and the United States. Great Britain is a limited monarchy, and the United States is a republic. Neither is, even by definition, a democracy.

In order to obtain some idea of the nature of the problem, it should be recalled that one aspect at least of a nation is that it is an association to pursue individual ends by common rules. Everyone is familiar with the idea that an association is a contract, and the unilateral abrogation of a contract is universally condemned. The bearing of this on the powers of Government is well illustrated in the difference between the Congress of the United States and its

opposite number, the House of Commons. The House of Commons can do, and does, anything. It can pass a law which abrogates every right, and the basis of every plan of the population, simply by possession of a Parliamentary majority, and it does not even require a mandate for such action.

On the other hand, Congress can only legislate within the boundaries of the Constitution. An Amendment to the Constitution requires a Proposal by two-thirds of both Senate and Congress, and ratification by three-fourths of the States—a process not lightly to be embarked upon.

When a man says he has something of which some kind of a definition or description exists, it is a sound principle, before forming any opinion of the thing, to make sure that he really has it. It is certain, for instance, that the state of affairs in any of the titular democracies cannot be made to agree with even Dr. Skeat. It is almost equally certain that it would be a major catastrophe if it did so correspond. Clearly, there can be two explanations of this. Either "the people" are prevented from "ruling" by the machinations of wicked men, or "rule by the people" is an impossibility.

The second explanation has an important consequence—that democracy, being impossible but attractive as an idea, would form the best possible cloak for the condition indicated by the alternative explanation. This is the criticism strenuously propagandised by the admirers of totalitarian rulers such as Herr Hitler and Mr. Stalin (although Communists amusingly describe Russia as a democracy). It can be demonstrated that real democracy is possible; but it must be conceded that a visible dictatorship is preferable to an anonymous tyranny or a manipulated electorate.

Mr. Asquith, when concerned to pass the Parliament Act, which abolished the very real safeguard of an effective Second Chamber, said "The will of the people must and shall prevail." This is, of course, an affirmation of essential lawlessness—the right to break a contract unilaterally. With this in mind, an examination of the working of "majority rule" may be helpful. Almost any concrete case would serve, but we may take motor-car taxation as an example. The facts are fairly simple. The tax in Great Britain is the highest motor tax in the world, it is inequitable and irrational, and it is detrimental to motor-car design and economical production. It is highly popular with everyone who does not pay it. It was imposed under a strict undertaking that it would be devoted to road costs (Car Licences are still called Road Fund Licences) which undertaking was almost immediately abandoned with complete cynicism. Yet this is an outstanding instance of majority rule. The explana-



tion is that fewer people possess motor cars than are without them. An election on whether motor-car taxation should be abolished and the same sum added to the taxation of beer would not be in doubt for five minutes. In the United States or Canada, where a large majority owns cars, British car taxation would not be tolerated.

Or take the price of wine. A bottle of good red or white wine in France or Italy ten years ago cost about 2d. The same, or a worse, because adulterated, wine in England cost probably 3s 6d., since wine drinkers in England are in a minority, and can be safely penalised.

The successful attack on landowning has the same explanation. Just as taxation on wine is made respectable by "temperance" crusades, and motor taxation, until well established, was justified by deterioration of the roads by motor traffic, so land taxation, the real basis of which is minority ownership, is made virtuous by "Land Songs" and other incendiary propaganda. The instances could be multiplied indefinitely.

So-called democracy, therefore, is a ballot-box device for despoiling minorities, not, it should be carefully noted, for the benefit of majorities, but for the benefit of third parties. Motor taxes do not distribute motor cars, wine taxes do not distribute wine, and expropriated estates do not go to the landless.

There is little doubt that the attempt to apply the principle of majority-democracy to foreign policy is inevitably disastrous. The well-known excuse advanced by Mr. Baldwin, that "our peace-loving democracy" would not support re-armament was true enough so far as it goes and is at least a partial explanation of our failure to halt Germany when she could have been checked without a war.

It has been remarked in many quarters, and the argument is receiving more attention daily, that the present political chaos is directly and consciously connected with the doctrine and popularisation of the unproved theory of the origin of species, and its corollary, the survival of the "fittest," which, oddly enough, can be, and is, adduced in support of equalitarianism.

There is also much evidence to connect the ideas which Darwin expounded with Malthus and Rousseau and so with the French Revolution. Not the least important aspect of this question is the evident intention to confuse "Progress" with "increase in size." "Progress" as an automatic feature of nature is inherent in this doctrine, which has been termed a theological rather than a scientific dogma. The present vogue of geopolitics, relating wars to a specialised form of dialectical materialism, clearly belongs to the evolu-

tionary blind-force school of thought, from which the German contention that wars, and ever greater wars, are salutary can easily be recognised as a "logical" deduction.

It is a curious fact, which may or may not be coincidental, that the type of society which is induced or produced by this type of thinking, bears marks resembling the workings of the thermodynamic principle of entropy—the tendency of energy to deteriorate from a potential to a latent and unavailable state—to "run down." That is to say, so far from this systematic penalising of minorities under the entirely unproved theory that the equalitarian state is a desirable objective and corresponds to anything we can describe as "progress," or the survival of the fittest in any cultural sense, it appears to correspond to the exact reverse. Perhaps the most complete embodiment of dialectical materialism is contemporary Russia, and it will be noticed that the rulers of Russia are living in the monuments of a different era, the Kremlin and the architectural achievements of the period of Catherine the Great, and appear to be unable to produce anything but industrial monstrosities. It would be difficult to find a clearer exposition of the principle at work, and its effect, than that of the Balt, Paul von Sokolowski. He refers directly to the agricultural aspect of land, which can be overstressed, although perhaps not at this time, but it is, *mutatis mutandis*, true in regard to the effect of unstable politics on all real property, and consequently on society.

"There are two processes which weaken man's hold over Nature and diminish his courage in his fight with her: they are MOBILISATION of the soil and its SOCIALISATION. Neither war with its ravages nor any Act of God fundamentally endangers civilisation, so long as men pursue agriculture *for its own sake*. But directly the land is mobilised, that is to say, when it becomes mere property, capable of transference and financial-capitalisation, directly it comes to possess only a commercial interest, it loses the inviolable permanence and security without which its care and culture are impossible. To the man whose home is on his own land, the idea that either he or his successors could ever desert the fields of their labour for the sake of any economic advantage whatsoever, should be unthinkable. Nothing in the world should be able to make them willing to sacrifice or exchange their inherited home."

"Socialisation of the soil is even more ruinous in its effect, for it is likely to take control and care of the land out of the most competent hands; since, regardless of the true needs of the community, it is a temporary satisfaction of the cravings or ambitions of destitute sections of the population by the distribution of landed property

(e.g. parcellation of estates). Only one agrarian reform can increase the efficiency of the land: it is the commitment of its care to those best qualified for the trust. A change in agrarian tenure which is made at the expense of the land's welfare—in the interest of no matter what group—should properly be termed destruction of the soil. Socialising land laws undermine confidence in the permanence and inviolability of property, without which proper husbandry is unthinkable; for who is to give even those directly privileged by such reforms the assurance that yet further reforms will not expropriate them from the fields they have just acquired? The faintest recollection of such changes must pass from the memory of the people before confidence, thus broken, is restored."

However this may be, the observed working of political systems does make it essential to examine the properties of a political majority, and the first characteristic requiring attention is that of homogeneity. What are the boundaries within which we can say that a uniform vote reflects a uniform opinion? To what extent and in what connection, does an opinion represent a presentation of a fact? Because it must be indisputable that to base the actions of an organisation on a mass of votes which do not reflect a rational conception, is difficult to justify by the name of a system.

Most people of necessity, and especially in these days of mass propaganda, form their opinions at second hand, and a great deal of opinion formed in this way is purely passive. Little or no critical faculty is applied to it, but on occasion, it is regurgitated as though it had been formed as a result of personal experience. This is always true, but when the opinion refers to a complex or subtle problem, it is a mathematical certainty that what is registered is either a minority opinion popularised, or has no intrinsic value. Legislative action based on *proposals* submitted to a large electorate must, from the very nature of the case, place the population at the mercy of a trained bureaucracy, and if, as in the case of the British Civil Service, this is irremovable and, to the public, irresponsible, the result is indistinguishable from a dictatorship of a most undesirable character.

To take an example from comparatively recent history, of what value is the opinion of the average voter on Tariffs? We may further notice, at this point the contemporary emphasis on the virtues of the "common man"—not on his uniqueness as an individual, but precisely the opposite; on his "common"-ness, his resemblance to a mass-produced article.

John Buchan (Lord Tweedsmuir) refers to "that degeneration of the democratic theory which imagines that there is a peculiar inspiration in the opinions of the ignorant" (*Augustus*, p. 340). It

would be equally legitimate to doubt the permanent virtue of a considerable body of "instructed" opinion. But we cannot have it both ways. Either minorities have obtained privileges by natural selection, or they have not.

If they have, it is a gross interference with the process to penalise it. If they have not, then natural selection is inoperative in mankind, just as it is fashionable to deride heredity in human beings while being extremely careful not to bet on a horse which has not a satisfactory race-winning pedigree. The argument that the breeding of race horses is controlled while that of human beings is not ignores factors which are probably decisive.

The further the subject is analysed, the more evident it becomes that the primary perversion of the democratic theory is to identify it with unrestricted majority government. When Mr. Asquith announced that the will of "the people" must prevail, he meant that he would present a bribe to the electorate at the expense of a minority in such a way that he would get a majority. It is that situation which has to be altered. It is easy to demonstrate that minorities (not to be confused with any particular *economic* class) are invariably in the forefront of improvement, and that while a minority opinion is not certainly right, a right opinion on a novel problem is inevitably a minority opinion—beginning with a minority of one.

Nevertheless the democratic idea has real validity if it is separated from the idea of a collectivity. It is a legitimate corollary of the highest conception of the human individual that *to the greatest extent possible, the will of all individuals shall prevail over their own affairs*. Over his own affairs, the sanctions of society must be restored to the individual affected.

There are two essential provisions to a genuine democracy of this nature. The first is the provision of an absolute check on majority bribery of the description to which reference has been made. And the second is the provision of something which may be called a Civil Service of Policy, as distinct from Administration.

### CHAPTER III

" A MASS of evidence establishes the fact that there is in existence a persistent and well contrived system intended to produce and in practice producing a despotic power which at one and the same time places Government Departments above the sovereignty of Parlia-

ment and beyond the jurisdiction of the Courts."—LORD HEWART, *The New Despotism*.

Since a considerable portion of the earlier portion of this book is devoted to an examination of the process and the origins of the situation to which Lord Hewart refers, further emphasis on the fact is unnecessary. But the statement just quoted, great as its value is as coming from a Lord Chief Justice of England, only deals with half the indictment. The system to which he refers does not merely place the anonymous bureaucrat above the law. It places the law, and the sanctions of the law, at the unchecked disposal of the bureaucrat.

It should be realised that the situation of an anonymous law-maker has become at least temporarily impregnable, and is a violation—admittedly only open rather than covert—of the principles of Parliamentary government without those principles having been renounced. That is to say, while the Act proceeds from the bureaucrat, or his shadowy inspiration, the responsibility, and the odium, rest still upon the Member of Parliament who is constitutionally, but not actually, able to check him. The stealthy separation of power from responsibility, which is so marked a feature of secret societies, is now incorporated into Government activities. For some time, much too long a time, no Bill has been presented to the House of Commons which has not been drawn up by the Treasury, whoever ostensibly sponsored it. But someone *did* sponsor it, and a façade of responsibility has been maintained until recently. This has now gone. "The State" makes laws *tout court*. "The State," in fact, is quite probably some little naturalised alien full of bright ideas from the ghettos of Mid-Europe, looking for preferment to any quarter rather than that affected by his law-making. To employ a colloquialism, lawmaking has become altogether too easy.

Law is taking on a new aspect. For centuries concerned to maintain every man in his rights, it is mainly now employed to take them away. Interference in small matters, to have any rationality, apart from desirability, must postulate an over-riding policy, and if unlimited latitude is allowed, even in regulation-making, control of policy goes with it. To illustrate this, we may consider the proposed large projects for the "utilisation" of Scottish water-power.

The Report on which the proposals are based remarks "No vested interests will be permitted to interfere" with them. That is to say, the proposals represent an over-riding policy which will be empowered by the sanctions of the law to sweep *existing* vested interests out of its path. At the same time it is admitted that the objective is more power for factory industry, and notably for electro-chemical

industry. Who committed the nation to that policy? When was it submitted to the judgment of the House of Commons? When, and by whom, was it decided that *one* vested interest is more important than several?

It is symptomatic of the paralysis which has overtaken British thinking in the past fifty years that this phrase "vested interest" which merely means stability of tenure, can appear in the Report of a Royal Commission, without amplification, as though it described a public evil. There is probably not an individual in the country whose waking hours are not largely devoted to acquiring a vested interest in something or other, even if it be only a tooth-brush. In fact, it is precisely those predatory aggressors on vested interests concerned with the monopolisation of Scottish water-power, and the industries for the use of which it is intended, which transform concentrated vested interests into a public danger. The widespread distribution of vested interests would be the greatest guarantee of social stability conceivable.

This sweeping away of minor vested interests by a major vested interest is policy in action. But the policy is not defined and is carefully kept from Parliamentary discussion unless a nebulous connection with "full employment" can be regarded as a definition.

Large-scale utilisation of water-power for the generation of electricity has been feasible for at least fifty years, and the benefits arising from the general use of electricity have been widely recognised if not realised. It is curious that, while the prime mover, the water turbine, has not been radically improved during that period, and the prime mover used in the generation of electricity from the use of coal, the steam turbine, has been improved out of all recognition, the sudden decision to transform Scotland into a water-power factory has awaited the "nationalisation" of coal. From an orthodox economics point of view, the case for hydro-electric development *on a large scale* is weaker than it was in 1900. The proposal has been presented to the public so as to suggest that water-power represents an *alternative* to power from coal, whereas at the present time it is doubtful whether the development of all the power in the rivers of the Highlands would represent 2 per cent. of the power generated by other methods, and if the total rises, the water-power which is inextensible, becomes still less important. In 1938 the generated units of electricity in Great Britain were approximately 26,000,000,000. Excluding war production, which was already considerable, it is doubtful whether industrial demand was 50 per cent. of that figure. At the present time, *i.e.*, before any of the proposed water-power has been developed (war-time electricity-production-

figures cannot be given), it is very greatly in excess of the pre-war figure. There is no possibility of utilising power from extensive hydraulic development for many years after any normally contemplated termination of hostilities, and such termination must cause an almost immediate drop in the demand for electrical power. By the time the immense works contemplated are complete, industrial demand, in the absence of war, will have fallen far below present electrical supply capacity, and will not be replaced by equivalent domestic use. To the extent that this capacity displaces man-power (the objective of using electrical power) the unemployment situation, looked at from an orthodox point of view, will be worsened.

The proposal to increase greatly the generating capacity of electric power-stations, therefore, requires far more justification than has publicly been offered for it, by whatever means the power is generated. The idea that there can be no limit to the generating capacity required is not merely absurd on the face of it, but is contradicted by experience, *except in war*. If it has been decided to adopt the philosophy of the Great German General Staff, that the primary objective of a nation is war, that is another matter. Even so, it is far from certain that these large power-stations do not constitute the gravest possible military risk. There is a considerable mystery surrounding their comparative immunity from attack.

We must therefore link up the development of water-power with the "nationalisation" of coal. A considerable proportion of the coal mined in Great Britain goes to provide the energy which is distributed as electrical power. A good deal of careful propaganda has been devoted to the "wastefulness" of burning coal, but in fact the subject is far from being susceptible to unqualified judgment. What is obvious is that coal is the principal raw material of the chemical industry: that every ton released strengthens the chemical industry: and that the chemical industry with its collateral, electro-metallurgy, is making preparations to take delivery of a high percentage of the electrical energy generated by Scottish water-power: and that the propaganda for increased export may easily result in the export of our capital resources on an even larger scale than in the past, without the fundamental policy, and its possibly disastrous consequences having ever been discussed by those most affected.

On the other hand, the minor vested interests which are adversely affected are numerous. Perhaps the first in importance, although apparently the last to be considered, is the antipathy of the resident population. The Scottish Highlander has never taken kindly to the industrial system. He is entirely unconvinced that "the development" of the highland areas would be to his advantage, and in fact

the arguments which have been adduced to convince him, are both perfunctory and disingenuous, and, in one case at least, the comparison of the proposals to those carried out by the Tennessee Valley Authority in America can only be characterised as unscrupulous. The Tennessee Valley works, themselves the subject of embittered controversy, are primarily flood control schemes, and bear no resemblance whatever to Scottish conditions. The natural Highland water-power is almost ideal for the utilisation of small, high-fall installations taking water from small streams at a high altitude, and returning it to its original bed several hundred feet lower down, without interfering in any way with the watershed or the local amenities. Such plants, rarely exceeding two or three hundred horsepower, under local control and possible in nearly every village, offer advantages to the local population obtainable in no other way, and are almost specifically excluded from the project.

The Commission proposals are radically different. Whole catchment areas are to be monopolised, glens are to be flooded, villages submerged, immense dams and pipelines built, with secondary effects on climate and vegetation which are unknown but certainly considerable. No one can say with certainty to what extent American soil erosion is affected by large power schemes.

The electrical energy generated is transmitted at so high a voltage that its utilisation locally or *en route* is impracticable, and is in fact disclaimed.

After rendering lip-service to the need to arrest the depopulation of the country, the country's chief assets are to be at least damaged, and at most destroyed, and its power transmitted almost intact to selected industrial areas farther south. The Severn Barrage Scheme which is free from many of the objections to Highland industrialisation appears to have every claim to prior consideration.

While the Highland project, brought forward under cover of war, when probably 75 per cent. of the individuals whose lives will be affected are prevented by absence or other causes due to war, from expressing their opinions on it, affords a compact instance of the working of the Supreme State, it does not differ, save perhaps in magnitude, from hundreds of similar cases. The technique is always the parade of "the common good." As Madame Ayn Rand so truly remarked in *The Moral Basis of Individualism*, "no tyrant ever rose to power save on the plea of the common good."

To anyone who will take the trouble to penetrate through the veneer with which written British history has been overlaid, it is difficult to avoid the conclusion that the political instinct of the people has deteriorated, rather than progressed. The situation with



which we are confronted is one with which our history ought to make us familiar, and to which we have previously reacted correctly by such measures as Magna Carta and the Petition of Right. The native instinct has intuitively recognised in the past that it was not so much the question of who held certain powers which was important, as that those powers should not be concentrated. The derided phrase, "That is not done," embodies a sound, if now perverted, national conclusion. One of the more ominous symptoms of this political degeneration is often to be found in those quarters which in many ways represent the flower of our culture. It takes the form of a lament that "the unity of purpose which we find in war cannot be carried over into peace." The short answer is that it can be and is, in Germany and Russia, and that if that is all that is required, why not surrender to one or the other?

This attitude arises more than from any one other cause out of an almost perverse determination *not to recognise the persistency of a policy of centralisation of property rights and in consequence, the absolute necessity for the equivalent of a Bill of Rights ultra vires of Parliament, together with a permanent professional body, trained to attack not only an existing law, but armed with permanent power to bring out into the open for cross-examination at any time the originators of any law which encroaches on those rights.* It is essential to exalt the man above the machine. It is nothing less than suicidal to concede the idea of abstract and unquestioned omnipotence to the products of a law-making system of the chain-store variety such as we tolerate to-day, and such "laws" as Regulation 18B, which sweep away the hard-won safeguards of a thousand years, are the logical outcome of this mental attitude. It is perhaps hardly necessary to observe that such a body would be appointed and dismissible by individuals, not by the administrative Civil Service.

One of the first results of such an arrangement would be an arrest in the flow of law-making. If the world is regarded as a factory run by officials on would-be mass-production lines, continuous works-orders camouflaged as laws are inevitable, though quite rapidly fatal. But, in a world in which it is realised that the more action is spontaneous within the limits of personal sovereignty the less the friction and the higher the general satisfaction, they are both redundant and objectionable.

It will be remembered that Great Britain has no written Constitution, and it has often been claimed that this is an advantage. The claim is more than suspect. The Constitution of the United States, for instance, is a body of Superior Law which is a powerful check on "Administrative lawlessness," as President Roosevelt

discovered when he tried to pack the Supreme Court in order to obtain a favourable decision on unconstitutional measures of the New Deal. The Fourteenth Amendment to the Constitution makes it impossible to enact or enforce such a measure as the Regulation 18B under which large numbers of persons have been imprisoned for years without trial.

There are several unofficial bodies in existence whose intentions in regard to this problem are excellent, but it is no detraction from their public spirit to say that they are wholly inadequate. We have to deal with the usurpation of powers which derive from a completely different conception of the nature of the state, and these powers require to be brought into proper relation to the world of to-day by measures as carefully designed and powerfully supported as those with which they have to deal.

It is often said, and with justice, that we hear too much in these days of "rights," and far too little of duties. It does not appear to occur to such critics that when rights were more stable, duties were more recognised.

## CHAPTER IV

WHEN Karl Marx (Mordecai), in his Message to the First International in 1870, observed, "The English are incapable of making a Socialist revolution, therefore foreigners must make it for them," he placed on the record a statement of high historical and practical value.

Whatever the ultimate result may be, it is a simple statement of fact that social disturbance, economic and industrial distress in Great Britain can in almost every case be traced to alien influence. The native English, in particular, have their own methods of dealing with a distasteful situation, as anyone intimately conversant with the tragi-comic breakdown of the alien billeting system in 1939 can testify. But revolution is not one of them. The immense stability underlying race homogeneity is the main factor in this characteristic, a sense of proportion contributes its quota, and a curious corruptibility, which is always ready to accept an immediate benefit rather than persist in a long-term vision, helps to make the way of the social incendiary one of successive disappointment.

But this latter feature has taken on a new aspect in the present century. Social revolution has itself become a profession in place of being a religion, paying, in its higher branches, and subject to compliance with a code, high dividends both material and social.

Socialism is a highly organised business, showing marked resemblance to the chain-stores which it favours, and its various activities, political and economic, provide lucrative careers, not least to the private owners of businesses engaged in furthering its propaganda. As it is completely parasitic, living off a production process to which it contributes nothing, it is quite possible that the most realistic approach to an understanding of it is to regard it as a disease of that system, to be cured by indirect methods. The effect of this parasitism has been to create, primarily in London, but to a less extent in all the larger towns, what can only be described as an alien culture, in the main bureaucratic, but linked with mechanical industry by the Trades Union official. This culture also has its own type of Art. It is not an exaggeration to state that if the whole population *outside* these circles were to cease work, the social revolutionaries of the Fabian and other varieties would starve to death in a month, while on the other hand the disappearance of the Socialists and bureaucrats would hardly be noticed except with general relief.

Yet it is beyond argument that the bushy and somewhat foreign-mannered tail wags the rather bewildered British dog, even if contributing little to his sustenance. The indigenous culture is one of tolerance combined with a strong desire to mind one's own business directly, rather than by pooling processes. Once given access to the sanctions of the state, an alien culture can be imposed on such a national temperament with comparative ease. Whether it can be maintained is another question, but it has been demonstrated that the centralised state, once achieved, is difficult and costly to dislodge.

Without carrying the German conception of *Blut und Boden* to the absurd lengths characteristic of its protagonists, only the type of mind which has absorbed the abstractions of Bloomsbury would dispute the large element of truth which it embodies. A nation is amongst other factors a culture, and while a culture probably contains many components which do not derive from the soil, it is certain that no culture which is not rooted in the soil and racially related to it has the character of permanence. The astonishing resistance of nationalism to the massed forces of international finance, cartelism and Freemasonry seems to have put this question beyond further argument, and the chameleon-like element in Jewish behaviour no doubt has its explanation in the Diaspora.

If this conception be accepted as broadly representing reality, then the efforts of the foreigners mentioned by Marx, and their employés in various gainful occupations in this country, take on a somewhat different and more sinister aspect. We have not to deal with a mere propagandist endeavour to introduce the latest improve-

ments into administrative machinery, which might conceivably be well-intentioned, even if demonstrably wrongheaded. The spiritual life of the country and the nation, which is its culture, is being subjected to a deadly attack. There can be no peace until one side or the other is defeated.

No civilisation is tolerable which suppresses agitation from within its own borders against an existing condition, however mistaken that agitation may be. *But no civilisation can survive which will permit members of an alien culture to settle within its borders in order to make the exploitation of grievances real or fancied into a highly lucrative profession.* It is remarkable that the British Dominions overseas are in the highest degree sensitive to any suggestion of interference from the *official* British Government in London, while tolerating barely concealed attempts to impose, *via* specially trained representatives of the London School of Economics working in conjunction with the Central Banks, a comprehensive tyranny entirely foreign in its origin and character.

It is not difficult to apprehend that naturalisation laws have a vital bearing on this matter, and that naturalisation laws are affected not merely quantitatively but essentially by the relation of the culture of the immigrant to that of the country of his choice. Apart from a few points on the seaboard, for instance, the culture of the North American Continent in the seventeenth century was that of the North American Indian.

Immigration has wiped out that culture, not wholly or even principally through frontier massacre, but by the sheer incompatibility of the indigenous culture with that of the immigrant. The immigrant himself was in the main a variant of the general European culture although of differing national stocks, and a culture with recognisable European features was characteristic of the United States until the last quarter of the nineteenth century, as it is in Canada to-day. A consideration of the history of American expansion lends a grimly humorous aspect to the solicitude for India now so prevalent in the United States.

The immigration and the culture which is being forced upon Great Britain by every device of propaganda and covert political, social, and economic pressure is not fundamentally European, is not accompanied by immigration of European stock, and is as incompatible with the native culture as was European culture with that of the North American Indian. It is just arguable, and it is very loudly argued, that a small influx of foreign strains can be absorbed without great disadvantage. But it must be small, and it is essential that it should be absorbed. Our alien population is not small (its

dimensions are systematically falsified), it is increasing, and it is not being absorbed. In spite of strenuous denials it is certain that the dominating influence in the State at this time is alien in culture, whatever the particular passport of its protagonists may be.

M. Leon de Poncins, whose book, *The Secret Powers behind Revolution*, is one of the most conservative enquiries into the subject, remarks "There is a greater amount of artificiality in revolution than is believed. This is not solely to be imputed to the Jews. It is not certain that they form its most numerous elements, but, thanks to their racial qualities, they are the strategists and directors of the movement, from which they, almost alone, derive advantage" (p. 239). That is to say, it is only important to the powers behind revolution that there should be unrest; given unrest, control of publicity, propaganda, and educational facilities, it can be invariably directed to the advantage of the unseen manipulators.

It is clear that such organisations as the Royal Institute of International Affairs have no antagonisms with P.E.P.; and P.E.P. derives ostensibly from the Fabian Society and the London School of Economics. Its first Chairman was Sir Basil Blackett, of the Bank "of England." The Royal Institute of International Affairs is the successor to the "shadowy" "delegates" and "experts" to the Paris Conference of 1919. At this Conference, Paul Warburg of the Federal Reserve Board headed the U.S.A. delegates, and Max Warburg, his brother, of Warburg Bank, Hamburg, represented Germany. In May, 1919, the "experts" met and decided to form an international institute, and in 1923 this institute was given Chatham House, in St. James Square. The subscribers to it, amongst others, were Thomas Lamont of J. P. Morgan & Co. (£2,000), Sir Abe Bailey, the South African gold millionaire, Sir Otto Beit, the Carnegie Trust, Imperial Chemical Industries, the Bank "of England," Prudential Insurance Company, N. M. Rothschild & Sons, Schroeders, Rockefeller Foundation (£8,000 per annum), Reuters News, etc.

Anyone who has contemplated the changes of front of the Communist movement must be satisfied that it is an extension of international financial intrigue although quite possibly its dupes would react violently to the suggestion. According to the Melbourne (Australia) *Herald*, "Communists in Latin America no longer attack Dollar Diplomacy or British Imperialism" (1/11/44). It will be remembered that Viscount Snowden, whose chief concern was that the rich were not poor rather than that the poor should be rich and that England should be ruled by minor revenue officials, remarked that the Bank "of England" was the greatest moral force in the world.

It would be a naive student of British politics who would suppose that an obscure Excise official could rise to the Chancellorship of the Exchequer and a Viscountcy, and his wife be appointed a Governor of the most powerful propaganda organ in the world, the "B." B. C., if their views were regarded as a menace to the power of "the City," or their policies incompatible with those of the powers in command of patronage.

The position is admittedly one of great difficulty. It was recognised by William Cobbett, probably one of the greatest Englishmen of the past three hundred years. His general contention, implicit if not explicit in all his writings, is just as true to-day as it was a hundred years ago. Almost any social and economic system is or rapidly becomes tolerable if it is homogeneous and indigenous. The old saying "Let fools for forms of Government contest. That which is best administered is best" is profoundly untrue as it reads, but it does contain an element of potential truth—that the system will rapidly be modified *if it is native*. In 1290 Edward I expelled the Jews from England, and twenty years afterwards suppressed the Knights Templars, the direct ancestors of Freemasonry. It is significant that the Laws of England which are regarded as "good law" to the present day unless specifically abrogated, date from Edward I.

The modern British individual in the main has a totally false idea of the intelligence of his ancestors of that date. Seven hundred years is but a moment in the life of a race, and the inspection of documents relating to the management of either England or Scotland in the time of Edward I will convince anyone that we have perhaps not learnt so much of real consequence as we have forgotten. But it is certain that we are faced with a situation which was threatening England with disaster then, and it ought to be obvious that the first step to take is to restrict drastically alien immigration, and to make naturalisation a rare and exceptional concession. It is desirable to emphasise the wide difference between free circulation and easy naturalisation.

The next step is to submit to a mental cold bath on the meaning of "hospitality." We are the laughing-stock of large numbers of our "guests" and of all of their recent hosts. For the last few years our "guests" have been ordering our dinner, and telling us that plain living, watered beer and hard work are good for us, though not for them. A new note has crept into the discussion. The frenzied appeals to save the victims of Hitler's tyranny are giving place to scarcely concealed threats. Unless we mould our foreign and domestic policy as instructed, we are going to regret it. The

import of, for instance, an article in the *American Mercury* of March, 1944, which remarks that "London must be made aware that Palestine is not a purely domestic question. The United States of America endorsed the Balfour Declaration, and would share the 'breach of faith' . . . Other countries have interests in the 'Grand Central' of the world. Britain [*sic*] does not have the only or *the last* [my emphasis] word in the Palestinian situation," is obvious. (In passing, it may be noticed that the geographical and strategic position of Palestine is being stressed as a reason why, say, Madagascar will not be accepted as a substitute national home for Jewry.) Mr. Emmanuel Celler, Democratic Congressman for New York, informs us that the release of Sir Oswald Mosley, from prison, to which he had been committed without trial, is not within our competence. The suggestion is that the internments under Regulation 18B were made under alien orders.

The memory of most of us goes back to the period of the "war of nerves" of 1936-39, and the part played in it by the Sudeten Germans and the racial minorities in general.

History is full of examples of the suicidal folly of allowing unassimilated minorities of any description to attain substantial influence. Whether it is too late to deal with the matter comprehensively on the principles, if not by the exact methods, of Edward I, is a large question. But that it has to be dealt with if we are to avoid the fate of Poland, does not admit of argument.

## CHAPTER V

### THE INDICTMENT

ALTHOUGH there is general understanding of the fact that the war is the mechanism by which revolutionary changes are being imposed upon society, it is probable that not many persons would be able either to say what was the determinant of our pre-war civilisation, or, in consequence, what it is which distinguishes that with which we are threatened from that with which we are familiar. With every justification large numbers of the under-privileged associate the miseries of the Armistice years with the fundamentals of the system under which they suffered. That is the impression which the Planners wish to convey, but it has no foundation in fact. The economic phenomena of the great depression were the result of conscious intention on the part of those concerned to wreck society, and could have been avoided without any fundamental change.

The core of the pre-war system was "the private income"—the possession of adequate purchasing-power not subject either to governmental interference, nor terminable by loss of employment. "Private incomes" were decreasing rapidly in number, but were still considerable. The fundamental object of the so-called New Orders is the abolition of all purchasing-power which is not granted "upon terms," and revocable at any time, thus making "employment" controlled by international cartels, a world government.

It was the fear of the extension of the dividend system to universality which inspired the propaganda against "profit"—a propaganda which is so irrational that only careful boycott of criticism prevented its general exposure. In a recent broadcast debate on the profit system between a well-known Jewish Communist Professor and a "capitalist" publisher, the "defence" was, not that it was highly desirable that profits should be made and distributed, but that it was unfair to accuse capitalists of a desire to make them. The same purpose inspired the attack on rent and the ferocious taxation of land, resulting in the deterioration of the countryside, and the ruin of agriculture. The price of overseas wheat was kept down by financial manipulation to make British wheat unprofitable.

The immense increase in productive capacity is ignored and world sabotage, ending in greater wars at shorter periods, is relied upon to destroy the unavoidable surpluses. Probably five thousand millions of capital values have been lost overseas in "peace" time.

The main pre-occupation of the Armistice years, on the part of those most potent in the world's affairs, has been to prevent the rectification of the dominant financial system, a rectification which would have removed any noticeable distinction between the privileged and the previously under-privileged except those distinctions which continuously serve to ridicule the claim to human equality. Economic equality, which is quite another matter, becomes meaningless in the face of large general surpluses available generally.

Under cover of the skilfully financed outcry against "profits," which have been made to appear synonymous with dividends, dividends have been reduced and the control of the shareholder over industry practically eliminated. By taxation, practically leading to confiscation, landed property has been forced into the market to be picked up by financial institutions at less than the mortgage burden imposed by the same institutions. The poisoning of the land by the use of artificial fertilisers has been enforced by "good husbandry" laws, and the effects have been misrepresented in a press controlled by the need for advertisements or otherwise, thus incorporating agriculture into the factory system.



## THE BRIEF FOR THE PROSECUTION

Food has deteriorated, housing is deficient and bad, leisure has decreased, security of tenure is non-existent, pleasure and relaxation are "organised," indigenous culture has been attacked and ridiculed in favour of a cosmopolitan tawdriness imposed and spread by bad films and worse broadcasting.

Alien assistance in the stultification of Parliamentary control has reduced the House of Commons to an object of ridicule. The "educational" system, in addition to being staffed largely, and in its elementary stages, chiefly, by "socialists" and "communists," whose knowledge of the practical effect of the measures they advocate is measured by their enthusiasm for the Russia to which they prefer not to emigrate, has never included even a rudimentary commentary on the subject which controls the activities of its unfortunate victims from the cradle to the grave—the money system. The currency is debased, and the tax-payer is robbed.

The same sources from which "the undermining of national sovereignty" has been financed, have, first covertly, and more recently openly, thrown their whole weight on the side of industrial and financial world monopoly enforced by a world police and brought about by war, and if necessary, more war. In the face of an almost world-wide demand for the local control of such government as may be necessary, local administration has been swept away, local protest ignored, and liberty curtailed.

Economic policies which have been demonstrated as a primary cause of world catastrophe are pursued and imposed and their intensification is promised. The country is flooded with undesirable "refugees," while the native-born are urged to emigrate. "Full employment," for the purpose of imposing an industrial civilisation on countries and continents which have expressed their determination to resist the process at all costs, is the culmination of a science which promised to transfer the Curse of Adam from the backs of men to that of the machine.

And it is expedient that a reckoning be had of these and other matters of the same nature and an accounting with those who are concerned to bring them to pass.

THE END

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