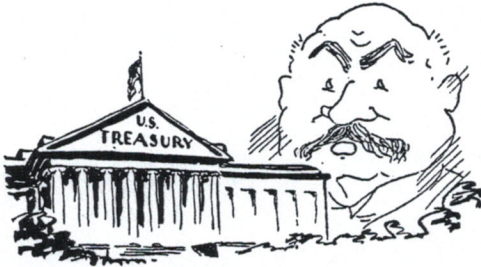


## The House of Morgenthau

AMONG THE MOUNTAINS of brick and steel that converge at Wall and Broad Streets in New York is a severe looking two-story building which, in the folk-lore of our country, houses sinister men with macabre designs. It is the House of Morgan.

In the last war this group of financial devils deliberately drew this nation into the conflict, so the scribes said. Interpretive articles and annotated books supplied the "factual" basis for polemics on the matter, and so vehement were the verbal attacks by the reds and the pinks that somebody upped and bombed the bloody edifice. And the burden of all these attacks, written and oral, was that the House had manoeuvred us into sending our army and navy to Europe to save the Allies from defeat, in order that its loans to the Allies should not be wiped out.



Comes a new year. We're in it again, although not so deep as we will be. And the House of Morgan is strangely out of the picture, very strangely to us who have been taught to ascribe all wars to the machinations of international bankers. Can there be any other cause of war? Is it true, as some said in 1918, that wars are caused by the conditions that bring about poverty? That the lust for land is the prime cause of war?

However, the financial side of war, even if it is not causal, must not be overlooked. Somebody must pay. Unless and until the State decides to grab all property for the purpose of conducting war, thus abolishing the market and its price system, and reducing all its citizens to automatons, money will play a part in war. In the present war, it now appears, the fiduciary agency is destined to be the House of Morgenthau; that is, the United States Treasury.

This came to light a few weeks ago when the head of this house was reputed to be in consultation with British borrowing agents, and Jesse Jones, Federal Loan Administrator, declared that "Britain is a good risk for a loan." In the modern approved propaganda technique, this announcement presages a movement to make our national funds available to the British

when they want them. The public is being prepared for a *fait accompli*.

When the House of Morgan made a loan to anybody, private citizen or government, it took pains to secure collateral which it considered sufficient as to principal and interest. The monies it advanced were the monies of private citizens who entrusted their funds to this financial concern because they had faith, based on experience, in its judgment. The House of Morgan knew a "good risk." And the House of Morgan risked both its money and its business future on its judgment. If it made too many mistakes it would lose its trade.

The House of Morgenthau assumes no such responsibility and takes no such risk. The money it advances is neither its own nor that of investors to whom it must answer. It is tax money. While in theory it belongs to the people, who (again in theory) pay it for social services, it is in fact the property of the State—to be spent as the bureaucrats decide it should be spent, with no regard for its safety or return. If the State wastes the money, or lends it to a "good risk" which becomes a bad risk, the State accounts to no one. To replenish the loss there is always the taxing power.

The House of Morgan must ask its customers to subscribe to the securities it underwrites. The House of Morgenthau is only theoretically obligated to the citizens whose money it lends. There are no market rules for the State. Its only inhibition is the possibility of any threat to its power from public disapproval of its plans, particularly where its power is somewhat circumscribed by constitutional forms. Therefore, it must prepare the public for an acceptance of its acts. That's propaganda.

Thus we have the "good risk" argument. The language of the market place, which is always reasonable, is used to curry favor for an act of power. Britain will get the money regardless of its ability or willingness to repay. But the House of Morgenthau cannot say that. It must make the citizens believe that their tax money is being wisely invested.

Why? If we are at war, and if we believe Britain is fighting it for us, why not make an outright gift of the money? Why ask the British for a list of their securities and land holdings in this country? Why ask them to pledge their rents?

Evidently the House of Morgenthau has reason to believe that the citizens whose money it is about to give away are not so convinced that this is their war. That seems to be the only explanation for the "good risk" euphemism.