

dosa 0916

63

ORT

Economic Review

WORLD CONFERENCE OF THE ORT

*Addresses delivered at the Opening Session and
Banquet of World ORT Conference at Paris*

ORT WORK DURING THE WAR AND
AFTER LIBERATION

A YEAR OF JEWISH RECONSTRUCTION IN FRANCE

THE CRISIS IN ECONOMIC THEORY AND
THE THEORY OF ECONOMIC CRISES

THE NATURAL HISTORY OF A JEWISH TERRORIST

SEPTEMBER-DECEMBER, 1946

ONE DOLLAR

ORT

Economic Review

VOL. VI

SEPTEMBER-DECEMBER, 1946

Nos. 1-2

CONTENTS

•

World Conference of the Ort.....	3
<i>Leon Meiss, Justin Godart, Abraham Alperine, Louis Kahn, Lord Marley, George Backer, Louis B. Boudin</i>	
Ort Work During the War and After Liberation.....	23
<i>Dr. A. Syngalowski and Dr. David Lvovitch</i>	
The Rehabilitated Ort	<i>Louis B. Boudin</i> 30
A Year of Jewish Reconstruction in France.....	<i>Eric Schieber</i> 36
The Crisis in Economic Theory and the Theory of Economic Crises.....	<i>Louis B. Boudin</i> 60
The New Ice Age: The Natural History of a Jewish Terrorist	<i>Leo B. Feld</i> 81
The Tower of Babel	<i>S. L. Peterson</i> 104
I. Escapist Economics	
II. Mr. Pickwick on the Troubled State of Our Economy	
III. Rip Van Winkle Goes to Town	
Other People's Opinions	130

ORT ECONOMIC REVIEW

LOUIS B. BOUDIN, *Editor*

GEORGE BACKER, *Associate Editor*

Editorial Board

PROF. SAMUEL JOSEPH
DR. JACOB LESTSCHINSKY
PROF. LOUIS WIRTH

PROF. EUGENE M. KULISHER
DR. DAVID LVOVITCH
PROF. FRIEDA WUNDERLICH

Published Quarterly by

AMERICAN ORT FEDERATION

for

ORT ECONOMIC RESEARCH COMMITTEE

AMERICAN DIVISION

PROF. MORRIS COHEN,
Visiting Professor, University of Chicago, *Honorary Chairman*

DR. ALVIN JOHNSON,
Director Emeritus, New School for Social Research,
New York Honorary Chairman

PROF. PAUL KLAPPER,
President of Queens College, *Chairman*

PROF. LOUIS WIRTH,
University of Chicago, *Chairman Executive Committee*

Publishing Office:
212 FIFTH AVENUE, N. Y. C.

Editorial Office:
1776 BROADWAY, N. Y. C.

PRICE: YEARLY, \$2.00

SINGLE NUMBER, 50 CENTS
DOUBLE NUMBER, \$1.00

WORLD CONFERENCE OF THE ORT

Addresses delivered at the Opening Session in the afternoon of August 17, 1946, and the Banquet on the evening of the same day.

I

JUDGE LEON MEISS

President French ORT, Chairman Central Board of ORT Union

In my capacity as President of the French ORT, I have the honor of having been charged by the Executive Committee of the Union ORT with opening this first post-war World Conference, the fourth World Conference of this organization.

At my side is one of the honorary Presidents of the French ORT; it is he whom we are going to ask to preside over this opening session.

I need not introduce Mr. Justin Godart, eminent President of the French Entr'aide (Mutual Aid Society), who, in addition to the numerous titles he holds, is known as a most firm and faithful friend of the Jews and of Jewish endeavor.

Nothing could be more fitting than that the Vice President of the French Parliamentary Committee of ORT should preside over this assembly. (Applause) Your applause has already ratified our choice.

It is now my agreeable duty to welcome our guests, the official representatives of the heads of government; ministers and public services; the delegates of friendly organizations as well as the delegates of ORT, who come from seventeen of the twenty-one countries in which our organization has its institutions.

Our World Conference is meeting again a little more than a year after the end of hostilities in Europe, and two years after the liberation of Paris. Its sessions will be held at the heart of wounded Europe, in the country which has bravely endured the ravages of the war, and of the occupation, in the city which saw the birth of the great and always youthful message of the Declaration of the Rights of Man. It is in this Paris which replied to the invader with a magnificent uprising, that the leaders of the ORT wished to hold the Conference of this great organization.

The six years of war that we have lived through have been six years of horror for the entire world, and the six million victims—two-thirds of European Jewry—testify that they were most terrible for the Jews, horribly immolated in the most Machiavelian persecution of all time.

These sacrifices which have decimated our forces, our action and our efforts, have created for us, in a ruined Europe, with a Jewry nu-

merically decreased and morally and materially wounded, new duties which we propose to study in the course of the work of this Conference.

At the same time here in Paris there meets another Conference, that of the twenty-one United Nations, which should bring to the world the peace which it needs to heal its wounds, rebuild its ruins, and erase the signs of its tragic suffering. This Conference, so much desired by the people thirsting for a just and durable peace, and which holds their hopes and perhaps their illusions and deceptions, has for its task the reorganization of the world, and particularly of Europe, which was shaken to its very foundations by the war. Our task, certainly more modest than that of the Peace Conference, is, in any event, clearer. In the domain which is ours, and which we shall try to define, it aims to contribute to the reconstruction of Europe, and in a regenerated Europe, to give to the Jews the place which belongs to them.

We shall briefly review the social and economic aspects of the problems, so that we may better establish the broad outlines of our activity.

In the first place, we must be especially attentive to young Jewry, which was cruelly tried during the war, and furnish it with the most useful means of providing for its needs. In all the invaded countries, Jewish youth fought the oppressor, and was especially active in the resistance and partisan movements, to repel the oppressor. Jewish youth thus contributed much to the liberation of Europe. How can we help remembering, without admiration, the young men and women who waged the fierce and heroic battles in the Polish ghettos and forests about which we have all heard? How can we help remembering the valiant courage of our young Jews of France, French and foreign, who fought in the ranks of the Resistance for the liberation of our country? In the homage that we wish to pay to those who have fallen for their ideal, their rightful place must be given to the leaders and fellow-workers of ORT who have paid with their lives for their devotion to our cause.

The World Conference of ORT honors their memory; and I ask you to rise to listen with pious and fervent recognition to the reading of their names:

We recall with devotion the memory of Dr. Leon Bramson, President of the Executive Committee of the Central Board of ORT, who died in 1941 of overwork which he imposed upon himself in order to save the most exposed victims of Nazi barbarism.

That of Prof. William Oualid, President of the French ORT, who should have been here today, but who died in 1942 during an inspection tour of ORT institutions. That of Dr. Zadoc-Kahn, President of

the Administrative Council of the French ORT, and of his successor Mr. Leonce Bernheim, both of whom were deported, and whose absence was cruelly felt by our organization. That of Mr. Leon Gleser, member of the Administrative Council of ORT, who was arrested by the Germans in 1944, in the course of his work for ORT, and shot. And, finally, that of Mr. Alexander Charasch, head of the Information Service, who has not returned from deportation.

It is not possible to cite, since they are so numerous, the names of all the members of ORT who were deported or shot. We think of them with profound sorrow. Among them we will name, however, Dr. Dubosarsky, who, even in the concentration camps, demonstrated an unexampled devotion beyond all praise. They will remain dear and sacred in our memory.

In spite of all persecution and suffering, ORT never completely suspended its work. It continued to function, even in the ghettos of Warsaw and Lodz. In many cases its activity was only stopped by the complete extermination of its members. In Hungary, in Roumania, in Bulgaria, in France and in Paris itself, ORT carried on its work of vocational training, and its schools functioned up to the moment when a hundred pupils were deported. We want to express here our profound gratitude to the ORT instructors who did not fear to pursue their tasks with praiseworthy devotion and spirit of sacrifice, despite every danger.

In the neutral countries, notably in Switzerland where thousands of refugees found asylum, as well as in the allied countries; in England, Canada, the United States, South Africa and in Latin-America, ORT was able to extend and intensify its work, preparing the youth for new activities supporting refugees, and contributing in appreciable measure to the war effort of the United Nations.

The governments of England, Canada, and various other countries in South America and elsewhere have had repeated occasion to express their appreciation of the excellent work accomplished by ORT. The International Conference of ORT finds itself, as I have already indicated, confronted by the gigantic task of preparing Jewish youth for a future which will enable it to care for its own needs.

True, the majority of Jewish youth has perished by Nazi violence in the camps of slow death and in the crematoria. True, hundreds of thousands of individuals have been tortured and assassinated by the Germans, but there are Jews who have survived and among them there are some without homelands, without parents, and without homes. There are today more than one hundred thousand Jews in the camps in Germany. There are no children left, and almost all of the dis-

placed persons are of working age. But they have not received the manual training which they will need when they are established in new homelands.

We must also assure them the possibility of integrating themselves into the economies of the various countries to which they will be sent. The effort to help those who are not in camps is not less considerable, for these are unfortunates whose homes have been destroyed and whose possessions have been lost; and the artisans and small business men among them find themselves divested of all equipment. The Jewish youth of Eastern Europe, in Poland, Hungary, Roumania and Bulgaria, and those of Western Europe, of Holland, Belgium and France, must be helped not only to exist, that is, furnished with food and shelter, but it is above all indispensable to prepare them for integration either in the countries where they live now or in the countries to which they will emigrate.

This task is at once urgent and complex. Whether these youth go to Palestine or to other countries, they require vocational re-education. The artisans must receive machines, tools and raw materials. We do not hesitate to emphasize the fact that the accomplishment of this work will profit not only the Jews, but also the countries which receive them. This will be a large step toward the accomplishment of our task.

But there is more. All the European countries are suffering from a scarcity of productive elements. ORT is certainly capable of partially remedying this scarcity of specialized manual labor, for Jewish youth is eager to engage in manual work. Our youth have the legitimate desire to break out of the confines of the commercial and liberal professions, to which the preceding generation was oriented, and which now overcrowded, cannot accommodate them. Jewish youth is attracted by the increasing importance which technique plays in modern life, and also by the great influence that the working masses exercise in social organization. Tomorrow you will hear detailed reports on the activity of ORT in all of the countries in which it operates, and you will note the great expansion of its work since the liberation of Europe. In this regard I am happy to call attention to the fact that ORT has found the aid and support of the governments everywhere, some of which have helped in the financing of our work. It is in this fashion that ORT works in Germany, in direct cooperation with UNRRA. Through this organization, at that time headed by Governor Lehman as Director General, ORT sent a first shipment of tools and machines to Poland. Thereafter joint work with UNRRA was extended to other countries, intensified and merged more closely.

First it is fitting that we thank the French government and the city of Paris, which, in accord with its municipal council, extends its hospitality to our Conference and our delegates. My thanks go also to Governor Valentin-Smith of the Inter-Governmental Committee for Refugees, who is with us today; to UNRRA which helps us effectively in work with displaced persons; to all the governments which have been of great help and which have aided ORT in its efforts; to all the countries whose ORT organizations are represented here by their delegations; to all the heads of ORT in Europe and America who did not abandon work during the terrible war years, and who are now furnishing important additional assistance to the reconstruction in spite of the innumerable difficulties which must be overcome.

I should like to express my admiration for two prodigious workers, Dr. Syngalowski and Dr. Lvovitch, whose tenacity of effort has overcome every obstacle they encountered on the road to success.

Our gratitude also goes to the Parliamentary Committees of ORT, especially to the British and French committees, headed by our dear friends Lord Marley and Justin Godart, and last but not least our gratitude goes to the foreign organizations of ORT, especially in the United States and in South Africa, to the South-African Jewish War Appeal, the Canadian United Jewish Refugee and War Relief Agencies and the Melbourne and Sydney Overseas Relief Funds, whose moral and financial support have enabled us to augment and intensify our efforts.

It was especially during the war that our friends of the American Ort Federation aided us and were a great help with precious encouragements which enabled us to keep going until the liberation.

Thanks also to the international Jewish organizations which are present at this Conference. Nor do we forget what we owe to those whose efforts have enabled us to reunite today in this World Conference which, in the name of the Executive Committee of Ort, I have the honor to declare open.

II

JUSTIN GODART

Vice President French ORT Parliamentary Committee

It is with pride and emotion that I have accepted the honor bestowed upon me by the French ORT, of presiding over the opening session of this World Conference.

In this solemn moment of the beginning of your work, the presence here of a French friend is even more a tribute to his country than a mark of regard in his favor. This confers upon both the one and the other the duty of redoubling interest and activity in the great work to which you give your intelligence and devotion.

This assembly is held at an hour when the Jewish drama seems still far from its denouement of reparation and justice. When the blood and tears are not yet dried! When there are still wanderers, despoiled of everything, without shelter, before whom the doors to the promised land are brutally shut!

I believe that the long and cruel history of persecution of the Jews throughout the centuries was never so savage, so basely conducted and inspired, as the persecutions practiced by Hitlerism and its accomplices. One cannot recall them without a shudder of horror and without that feeling of pity for the tortured and the massacred with which their martyrdom imbues the souls of those who remember their sacrifice and who receive the news of their death for their devotion to an idea.

In face of the unimaginable suffering inflicted upon the Jews, every human being, simply because he is human, cannot but feel a heavy heart anguished by the dishonor that civilization has momentarily been marked with again.

Without the hateful and false racist theory, one might have expected from the evolution of free thought and from the abolition of state religions that Israel would no longer be the victim of religious hostility, of sectarian proselytising, by musty reversions to the Inquisition. One might have hoped that the faith of the Jew, his form of worship, his search by his own road, his fidelity to his traditions and to his spiritual destiny, would have finally received the respect due to that conscience inherited from generations which neither fire nor steel could destroy.

It is consoling to state—to proclaim—that in France members of diverse faiths and their ecclesiastical representatives have for the most part, at the risk of freedom and even of life, given their fraternal assistance to Jewish families who were hounded and ostracised, hiding their children and coming to the rescue morally and materially of those dependants of deported persons, left behind without resources.

The historical lesson of the last years, of these recent events, is that the persecution of the Jews did not have the religious basis that it had in the past. It is certain that the heritage of this widespread hatred, has left its mark on narrow minds; but it has not been revived in the name of religion. This hatred has been used for political ends. It has been exploited by the lure of money, by the bribe of spoils. Thus, Hitlerism

has made an anti-semitism which has less and less base in religious fanaticism. It is rather a fanaticism of party and of profit; and on the scale of collective criminality it has descended to the uttermost depths of depravity. Formerly one killed the Jew to win paradise. Now it is to take his furniture or his business.

The Jewish problem has thus been reduced to a question of competition. Let us examine it from this standpoint, on the premise that the only decent, fair and legal method of eliminating competitors is to do better than they do. Anti-semitism has excluded the Jews from competition by work. In the old days, the Guilds excluded the Jews. The purchase of land was forbidden to them. To their detriment they were confined to trading; because they were deprived of the tool and the plow, they were led away from the capacity and the love of manual labor.

And here at the end of the great tribulation with a prophetic understanding, ORT opens to Israel the magnificent future of manual work, incorporates it into the class of peasants, workers and artisans; roots it into the fertile earth by the labor of its hands; brings the Jew into the comradeship of the factory and the trade union, calls him to the joy derived from objects created by fingers skilled in the service of technique and craftsmanship.

In Palestine, the blessed ancestral land, Israel has accomplished the miracle of resurrection, has reclaimed the pestilential swamps, has covered the plains and the hills with crops and orchards, with memorial forests. Cities have grown from the sterile sand dunes, the most modern factories produce an abundance of products of high quality, and a robust youth opposes hostile intrigues with the great reality of achievements due to its genius and to the power of organization of which it is justifiably proud. In truth Palestine is the most considerable political, social, industrial, economic and human fact of modern times, because free on its own land, without obstacles and without exclusion, Israel has been able to devote itself to work, to every kind of work; and its success is complete. And now, outside Palestine, everywhere, ORT creates the spirit, the will and the possibility of work which redeems, through its schools and its professional courses.

That which it has done, it will do more and more, better and better, thanks to the decisions which your World Conference will make. This is why I am able to open the sessions with the certainty that they will be fruitful, with a confident and firm optimism in a future of honor and security that the hands and the intelligence of the Jews will know how to assure in those fields which so long were inaccessible to them.

I have been reading these days this thought of Pascal: "It is an astonishing thing worthy of marked attention to see the Jewish people survive for so many years and to see them always miserable; and however contradictory it is to be miserable and to survive, they always survive nevertheless in spite of their misery." I say that the time has come, born of the horrible convulsions of Hitlerism, when the misery of the Jews of which Pascal spoke as an incomprehensible anomaly, must come to an end, because they want to and now are able to forge their destiny with the creative tool of abundance, dignity and happiness.

II

ABRAHAM ALPERINE

*Chairman Administrative Committee of ORT Union during the war;
now member Administrative Committee of World ORT Union*

Mr. President, Ladies and Gentlemen:

I understand quite well how tired you are of so many speeches. There is undoubtedly a limit to the power of attention-getting and, if I dare, however, to take up your time, it is not only to greet you in the name of the Executive Committee of the ORT, and in particular in the name of my colleagues, the two vice-presidents of this Executive Committee. It is also to fulfill an imperious duty that Mr. President has already fulfilled in part when he cited the names of those who should be here and who are not. But there are not only those: there are others and many others whose names we do not know, whose number we will never know. They are all the friends of ORT, all those who have manifested their sympathy for ORT, all those who propagated the ideas of ORT and whom we will no longer see.

When I think of them—and I cannot fail to think of them at this time—there is a name which comes to my mind, the name of our friend Joseph Yaschunski, member of the Central Committee of the Polish ORT, member of the Council of Jews of Poland, who has perished heroically. He preferred, he and four comrades, the dignity of suicide to cowardice, to which the Germans wanted to bring him.

It is an old, centuries old, tradition of the Jews that each manifestation of joy should be accomplished by respectful memory of the dead. You know the breaking of the plates during the betrothal, the whiteness of the shroud while the father of the family relates to his children why they celebrate the liberation of three thousand years ago. All those constitute symbols which keep us from becoming over-addicted to joy.

I know only one celebration alone which is not accompanied by these symbols: it is the holiday of "Simhath Torah", the holiday of the Spirit which has saved us and maintained us for more than three thousand years—and which will sustain us in the future. For it is only on Spirit that we can base our hopes.

One of the proofs of this Spirit, one of the manifestations of this Spirit, is the fact that I see all of you here. There are some of you among us who might not have been here today—each one of them who is among us today is a living miracle. And so it is that this miracle has been achieved, and I have the joy, sombered evidently by the remembrance of those of whom I have just spoken to you but still the great joy all the same, of greeting you!

We have not the right, here, to delay ourselves with somber thoughts; we have not the right to think of what has taken place, if not to derive a lesson from it. The work which waits on us is immense, enormous, almost superhuman, and we can only accomplish it by giving ourselves to it entirely, devoting all our energies, all our power, and all our heart.

The Executive Committee has primed the engine for this work ever since 1941, when it was set up in Marseilles. It covered the zone which at that time was improperly called the "free zone"; that zone was only very relatively free! The Executive Committee covered that zone with a network of schools. There were at that time more than 30,000 Jews interned in the camps. It set up in the camps, courses for the internees.

Soon, however, it became impossible to work in the so-called "free zone", because the Germans had wiped out the line of demarcation. The Executive Committee thereupon assigned Dr. Syngalowski, its vice-president, the task of going to Switzerland to establish a new center from which to carry on its work. Those among you who have seen the schools in Switzerland know what marvels have been created there, what admirable work my colleague, Dr. Synagowski, has done. A delegation has been given to my colleague, Dr. Lvovitch, to work in the Western Hemisphere. Committees have sprung up in ten countries of that hemisphere where there had never before been any institutions of ORT. Schools have arisen and what schools. By now I have become quite accustomed to hear flattering citations of our schools! But all that, however important it may be, is little in relation to what we must do.

On all of us now rests a great task! The ORT can no longer remain what it was. The ORT can no longer limit itself to purely professional teaching. The ORT must think of those to whom it gives this teaching. We must think of the children, the adolescents who for years have for-

gotten that they are Jews, who have forgotten their parents, who have lost their parents.

This new work of ORT implies new obligations. I know well that each one of you is doing in your respective country an enormous job, that you are displaying mighty efforts. I am informed of the magnificent work being done by Women's American ORT, but all that is not sufficient because we have all signed an agreement—you and I, all of us—an agreement imposing a heavy obligation to the whole Jewish people, an obligation which will be falling due from day-to-day until it is fully discharged.

Permit me to relate to you a personal memory which will explain my thought. In the prison of Drancy where I was accustomed to taking my solitary stroll early in the morning, people who wanted to talk to me waited for me during my stroll. One day, a woman approached me and asked timidly if it were possible to hope that her two children could be found. Her story was, alas, at that time commonplace! She lived in a small village. She left one morning to make some purchases and, on returning, found that her children were no longer there. Her neighbors told her that the Germans had taken them. She spent two days looking for them, then came to Paris. She went straight to the Gestapo to declare herself prisoner, because she had learned that they had brought her children to Drancy. But when she arrived at Drancy, the children were no longer there; they had been deported.

This poor mother's entire soul was in her eyes, and I lied to her as much as I could. I told her that not only could she have hope, but that it was a certainty that she would find her children again, that our secret organization was making copies of the German lists on which the children were numbered, that these copies were kept in a safe place, etc. I committed a sin against the Third Commandment, but I believe that it was a fine action that I committed rather than a sin. And this poor woman added: "But if I am no longer alive, who will take care of my children?" I told her: "Do not worry, it is the Jewish people who will take care of your children."

The same answer was given here in Paris, eight months after, by a holy man, one of the purest figures I have encountered in my lifetime, and you should all remember his name: David Rappoport, who devoted and sacrificed his life to save as many children as possible. He worked in the "Colonie Scolaire," Rue Amelot, of which he was president. The largest part of secret Jewish work was done in 1943 and 1944 right there on Rue Amelot.

One day, in 1943, after the great round-up, a mother came with three

children. She knew that if she gave them away, she would not have the right to know where they would be, that she would not know their address. She said to Rappoport: "What will become of my children?" And he answered her: "The Jewish people will take care of them."

This is the agreement you have signed. This is the obligation which weighs on you, and your work is only an attempt to discharge part of the obligation under that agreement.

But this small part is itself tremendous! Do you know what crime the ORT in Paris has committed during all this past school year? We have refused to hundreds of children entrance into our schools. Our offense is somewhat mitigated by the fact that it was difficult either to buy or rent a place. But even if a place could have been found, there were not enough means to provide schooling for all of those who applied to us and who needed it badly.

But even that is only part of the story. There are in France alone fifteen thousand children whose parents are no longer alive. These children are five, six, seven and eight years old. They are the future pupils of the ORT; it is of them we must think. We will have to form them, make upright human beings of them, workers, useful members of society. And how many of them are outside of France!

There are organizations where children are lodged which are taking care of them at this time, but the day will come when they will come to us. At that time we should be able to answer that we stand ready. And if what I have said penetrates, as I desire, into the depths of your hearts, you will return to your homes, and you will work ten times as hard as you have done until now. Because you will realize that here is an obligation that we must all pay, and if the souls of those poor mothers, of those thousands of poor fathers, could now invisibly present themselves here before you, they would bless you and say, "Thanks!"

IV

ADMIRAL LOUIS KAHN

Member Executive Committee French ORT;

Member Central Board ORT Union

Mr. President, Ladies and Gentlemen: I undoubtedly owe the privilege of speaking before you to the fact that I represent the maritime section of the ORT.

It was, in truth, in 1937 that I first had occasion to become acquainted with the collective maritime teaching of the Jews, when Cap-

tain Albern was trying to recreate in France the School of Civita-Vecchia. The continued maintenance of this school on Italian shores would have constituted an incongruity at a time when the fascist regime was adopting the Nuremberg laws. Since, under the pressure of events, Captain Albern succeeded in his project, the ORT has entered the maritime field, and that is why I am today celebrating before you, thanking the ORT for this opportunity, the triple union which is about to be realized between France, Israel and the sea. And, in truth, it is not just a simple coincidence that this union is about to take place again in history. Ladies and Gentlemen, you remember that for centuries it has been the sea which has saved Israel since it fled from Egypt.

And that is how all the Jewish humanism which impregnated the declining ancient world is in touch with two unknowns it once instructed: One is the great unknown of the desert which inspires the lonely shepherd with metaphysical thoughts beneath the starry night. The other is the great unknown of the sea over which were exchanged in Antiquity all the great paths of culture, through which were scattered the mighty cries of humanity which began to search for a road to the ideal.

It is the sea again which, through the Middle Ages, spread Jewish thought to the ports of the Mediterranean. It was the sea which, during the great hardships when the glory of Spain coincided with the height of intolerance, brought the Jews to lands of shelter. You remember, Ladies and Gentlemen, that, as if through a remarkable precedent for ORT itself, Spinoza, whose ancestors had traveled by sea from Portugal to Holland, took up a manual trade in Holland, polishing glasses as a prelude to his great life work.

Ladies and Gentlemen, let us be united in the thought that in the manual labor which ORT is establishing and the reverence of manual work ORT implants in us, there is being born some new Spinoza, who will honor the thought as he prepares for liberty while working with his hands.

Ladies and Gentlemen, the work we have undertaken on maritime terrain is still in its inception. Meanwhile, from this moment on, thanks to the cooperation of the directorate of the ORT in France, thanks to the activity of Mr. Rom, we have already laid the foundation for a school of maritime instruction on the coast of France, in the South. We also have a fine stock of teaching implements, in which, as you know, ORT excels. It is a joy for me to see working men who teach themselves much more than I can assist them, and it is a duty for me to bear witness of their task before you, and of the admiration I have for this

continued effort.

It remains for me, in closing, to hope that, thanks to this action, the next time that you meet we will be able to show you the results of the work of the maritime section of ORT.

A little while ago, and as a prelude to this meeting, I visited La Boetie Street, where there were assembled projects of different sections presently operating in France: the agricultural section, the electrical section, the mechanical section, and the fashions and design sections. I hope that next year we will be able to show you something similar in connection with the maritime section, and that in answer to our vow and yours, we shall have sent on to their new road those young liberated Jews among the defenders of the sea, who live as our champions and the guardians of man's liberty.

V

LORD MARLEY

Chairman British ORT Parliamentary Committee

I have very great pleasure in introducing to you the English language for a few moments. The English language, of course, is also used in an improved form by the American people. I have had it pointed out to me that it is only in the United States that you will hear pure Elizabethian English still spoken. I cannot aspire to that.

I am here to-day in my capacity as Chairman of the Parliamentary Committee on Refugees. That Committee has been formed within the last six months as a result of the immense improvement in the British Parliament which took place after the last election. The number of members of Parliament supporting that Committee quadrupled immediately the new Parliament was formed. We now have more than one hundred members of Parliament who are members of the Parliamentary Committee on Refugees; and that committee serves as a means by which all the various organizations in Britain which may need connection with a Government department can have facilities given to them to approach the proper government department and secure the help which they need. There are some thirty committees in Great Britain dealing with Refugees of which, among others, I would mention the Refugee Industries Committee. That is a committee which should appeal very much to the ORT, because it deals with those great and important industries which we were fortunate enough to receive from abroad as a result of the activities of the late Adolf Hitler. Those industries have

brought to Great Britain new methods of manufacture, new beauty of design, new qualities of textiles in goods which are capable of export, and I think that in the training that your organization may offer to young people in these older countries, more use might be made of the existing brilliant technique of industrialists, who are doing so much in Great Britain to help us in our export trade, and so to repay that very generous debt which we owe to the United States as a result of the last loan.

Other organizations similarly making use of that committee have in mind that it is possible that when we reconstruct the ORT Parliamentary Council, because the members are now fewer than they were two or three years ago, we may bring it a little more closely into relationship with the Parliamentary Committee I have mentioned. I would remind you that the first Parliamentary Advisory Council of ORT was formed in Great Britain some fifteen years ago; and because of my activities with the relief of minorities in Europe, I had the honor of being invited to become its first Chairman. Then, by arrangement with the ORT organization, I was invited to the United States, where I was able to help in the formation of the Congressional Committee of the ORT in that great country. And as that country always has a good deal to teach Great Britain, they improved on the British Committee; and although it is, I understand, not actually represented here to-day, nevertheless, it has done exceedingly valuable work.

I also had the privilege of helping with the formation of the French Comité Parlementaire, which is well represented here to-day, and we all know of the good work which has been done by it. (Applause).

We are in process of forming a new Parliamentary Committee in Sweden; and again the honor has been offered to me to go to Sweden and there help in the formation of that Committee.

And so we come to the possibility that we might unite the countries with democratic Parliaments in a common work of international importance, not only because of the immensity and volume of the work, but because of the quality and constructive type of the work, which must always be underlined as the mainspring of the work of the ORT Union.

The value of this Parliamentary Committee is that it will relieve ORT of all political activities. You want to be concerned with the constructive work of training and to use politicians, statesmen, and those connected with politics to relieve you of that political work. It would be well for you to beware of becoming involved as an organization in political work which you can well put on the shoulders of others and

thereby relieve yourselves of that responsibility.

The constructive work of ORT has gone on for nearly seventy years. Why has it been able to persist? Because throughout all the vicissitudes of life in Europe and other continents you have kept to the main task of training those who need to be trained, in whatever conditions they may find themselves; of training these people to add to the commonwealth of the world as a whole.

Let me remind you that the original purpose of this organization was to train people to live in the country in which they find themselves, and we owe a debt of gratitude in my opinion, to the expert delegations from the United States and Great Britain which reported a few days ago that they drew attention once more to the task of making it possible for thousands upon thousands who can never go from those countries, who may not want to go from their homes,—making it possible for them to settle in those homes and live valuable and productive lives as good citizens of the country in which they must work. (Applause).

More recently the ORT became involved with the task of training people for settlement overseas. Let me remind you of a statement made by an important American, a friend of the President of that great country. Mr. Edward Pauley, speaking a few days ago, used these words: "Agreement can be made among the United Nations to accept from 500,000 to a million Jews and other refugees from Europe for re-settlement in other countries." But how are these people to be welcome if they come untrained? That is your great task, to train these people so that wherever they go they will be welcome, because of the contribution they can make to the economy of the country which receives them. (Applause.)

And we must realize that the ORT needs the help of organizations which are searching for future homes, such as Freeland, which are searching for the possibility of settlement in these difficult days of trial and of suffering. Therefore, this contribution alone, in my opinion, is of vital importance; and I would remind you in this connection that at this instant, while we are sitting here, an inter-governmental committee is sitting in Rio, in South America, with a view to seeing what can be done in that agglomeration of great countries to aid in that re-settlement to which you are contributing so much.

I would end on this note: You may contribute not only training in technical skill and ability of these men and women who need your help so much, but I venture to suggest, you can also use that training period to instill into these young people, who have been deprived for so many years of all possibility of learning the truth in human affairs, you can

make use of that time of training to lead them to understand something of the democratic ideals which dominate the countries so widely represented at this Conference, those democratic ideals so opposed to the brutal domination of Nazism, Fascism, Hitlerism. These democratic ideals can surely be instilled into the minds, hearts, and spirits of these young people as part of the contribution which your instructors all over the world can help to make towards a new world of peace and understanding. (Applause.) And so they can learn that not all nations are plunged in the cult of anti-semitism, and that mere diminution of the economic causes thereof can make a contribution to a better understanding; that not everybody believes in force and cruelty; that many believe in the greater forces of good understanding and cooperation and the realization that there are two sides to every question. And so I venture to suggest that the use of these Parliamentary Advisory Councils can be to link with these democratic systems of so many great countries the constructive work which you are doing, with the political ideals and possibilities of democracy in the world, and so secure a mutual aid to that international good will which all of us so ardently desire. (Vigorous and prolonged applause.)

VI

GEORGE BACKER

President American ORT Federation; President World ORT Union

I have been given the pleasant task of bringing greetings to this Conference from all ORT organizations in the Western Hemisphere.

The last World ORT Union Conference was held just before the Nazi intention to conquer the earth had been translated into war. The composition of this Conference reflects some measure of the catastrophic effect of those years of war and destruction on European Jewry in the intervening years. The six million dead we count are a monument to man's capacity for evil. The survivors, the hope of man's redemption—a hope that must become a reality if mankind is to survive at all. By the survivors I mean not only those who were still alive when the armies of Hitler surrendered, but those who fled from the approaching storm or were able to leave Europe during the war.

We have witnessed parallel to the rise of Fascism in Europe, one of the great migrations in history, and it is that migration which reflects itself, as I have said, in the composition of this Conference. In the last World ORT Union meeting, the Western Hemisphere was represented

almost entirely by a delegation from the United States. Today, representatives from Argentina, Brazil, Canada, Chile, Cuba and the United States are here to tell you of the work of ORT in those countries and to take part in the decisions which this Conference will make as to the future of ORT's work in the world.

In two fundamental ways, it seems to me, this Conference differs from all the others we have held. The years of agony have served to prove that the theory which lies back of all ORT activity is sound and unassailable. Secondly, that the Jewish communities of the Western Hemisphere must become full partners in the planning and effectuating of ORT's work in Europe. Because of what has happened, they can no longer discharge their responsibility by financial contributions to the work of the Union.

Most of the men and women who have come to this Conference as delegates from the United States have had a chance to see something of the work of ORT in Belgium, France, Great Britain, Holland and Switzerland. Their pleasure and gratification at what they have seen is a genuine tribute to the resourcefulness, the foresight and the energy of the directing heads of ORT's European work. It is a tribute to the self-sacrifice and devotion of those who under immense difficulty carried forward the vital work of training and equipping the hunted, the desperate and the disillusioned wherever the ORT was able to set up a workshop or a school. The decisions this Conference will make will be based on the miracle of accomplishment that is the record of the war years. You will have the right, based on this record, to be bold and imaginative in the goals you will set.

The first great contributions of the ORT were made in the work that was done in the refugee camps of Russia established as the result of the first World War. The ORT vision had been until that time almost entirely a theoretical conception. It stood the test of practice, and in practice its results were greater than its initiators had ever hoped for. Today the problem that confronts you is greater in scope than it was in 1918, for beside the refugees and displaced persons in camps in Austria and Germany and Italy, there are the remnants in what were once great centers of Jewish population who must be given the chance to learn a skill or a trade if they are to survive at all.

A time will come when the six million who have died will be a sentence in history. It is for us to help make the decision as to what history will say of the survivors. Are they to disappear from the records of time like the Carthaginians or are they to help in writing a new chapter of human endeavor? For the new day has already begun. Man's accom-

plishments are no longer to be measured in the lists of enemy dead but in the number of human beings that have been saved and salvaged. This is a work to which ORT history dedicates us.

I am confident that you will meet the test. You will do your share in the salvation of the wreckage of a people.

VII

LOUIS B. BOUDIN

*Chairman Board of Directors American ORT Federation;
Member Executive Committee World ORT Union*

Honored Guests, Ladies and Gentlemen: As the afternoon was drawing into late evening, I began to feel very much like that speaker in the afternoon who, when called upon to speak, said that he thought that everything that could be said about ORT had already been said by previous speakers and that there was nothing to add. And so, when Mr. Kowarsky, the General Secretary of the French ORT, came over to me a few moments ago and said, "Mr. Boudin, we would like you to say a few words", my first reaction was to say to him: "Any words that should be said have already been said this afternoon and probably will be said to-night ahead of me and what I may say will be repetition", but on second thought I changed my mind because I recalled something that one of the earlier speakers had said which indicated to me that everything had not been said. There are certain phases—or there is at least one certain phase of ORT work that has not been dwelt on. It was slightly suggested by Lord Marley, but only incidentally and was not stressed; and so I decided to speak so as to stress that particular aspect of ORT work.

You will recall that Mr. Lowrie, representative of the YMCA said that ORT has two-thirds of a century of useful work behind it, and wished it many more years of useful work. That presents a peculiar problem for ORT in its relation to time and historical sequence. You will recall that ORT was organized in 1880 in Russia, primarily as a Russian organization in order to correct a fault in Jewish economic life in Russia consisting in the fact that there were but few workers, manual workers, among the Jews. There were some artisans—not many and not of the best kind; a few farm laborers—not many; some bankers and some big industrialists, also, not very many—much fewer than is usually supposed. The vast majority of Jews were in small trade,—there were no factory workers, at least in that part of the world. And so these

people had an idea and an ideal, as Mr. Katzky of the J.D.C. suggested, the idea and ideal of preaching the gospel of work to the Jews, so that many more of them would take to manual labor. That was the idea which the founders of ORT had in their mind and the mission which they put before themselves when they organized ORT, and that was what ORT did during one half of its existence roughly a third of a century, down to the first world war.

The latter created a revolution in Jewish life and brought about a revolution in ORT work. There was no longer any necessity to preach the gospel of work to the Jews. Life had compelled them to become workers and there was no longer any difficulty about that. The problem was, how to make workers of them so that they would be skillful workers, and to give them the opportunity to learn a trade and ply it. And so ORT was re-organized as a world organization, the World ORT Union, even though it continued to work primarily in the same general region. There were some eight hundred thousand or one million Jews in Russia who had become "déclassés" after the Revolution. There was no difficulty about young Jews becoming workers in the new Russia, but those who had spent half or two-thirds of their lives in trade found themselves without an anchor in economic life and had to be retrained—not trained—in order to be able to be useful citizens of their own country. This also applied largely, though in modified form, to the Succession States of both the Austrian and Russian Empires.

That is when ORT became a world organization and when I became acquainted with it; when those two great missionaries Syngalowski and Bramson came to New York in 1922, and we together organized ORT in America. But the work still had to be done in Central and Eastern Europe, and therefore I, myself, as co-organizer of ORT in the Western hemisphere, envisaged ORT as a temporary organization. It was seen as a temporary organization which had a most important job to do, but a particular job at a particular time, to correct the faulty state of affairs brought about partly by Jewish history, partly by the world war, which broke the economic foundations of Jewish life in Eastern and Central Europe. Even so late as some seven or eight years ago, shortly before the outbreak of the second world war, on an occasion similar to this, I had publicly expressed my regret that Hitler had given ORT a new lease of life; because I had still regarded ORT as doing a temporary job, which it was anxious to do well and quickly so that there would be no further need for either the organization or its work.

Then this last war broke out and put the matter in an entirely new

aspect. It not merely created a larger need for ORT work, because more people needed help; it created a new aspect of ORT work of which, I must confess, I myself became aware of only when I saw it in Europe on this trip, particularly in France, Switzerland, Belgium. I then suddenly realized that it was not merely a bigger job, but also a job of a different kind. It was not merely a question of helping certain Jews to change their vocations or of giving them vocational training, to make of peddlers or small trades manual workers. It was that, but it was also something else. It was not merely producing workers quantitatively, but it was producing a remarkable kind of workers qualitatively, master workers. That is an entirely new idea. It does not seem to be the idea which dominated our work during the second phase, the second third of a century of its existence. Now we are in a new phase, in a phase in which ORT has not only undertaken a work of greater magnitude than ever, but it has also added a new aspect to its work which changes it from a temporary into a permanent organization. For long after all of those who need it have received help from ORT by way of rehabilitation and training and will have become self-supporting citizens, there will still be a great work to be done by ORT in that cult of master-workmanship; because ORT is not satisfied with creating Jewish workers only; it wants to create master-workers, which is quite a different job. It is not just a job of to-day or to-morrow, it is job of which we need not see any end. The cult of work, of artisanship, of master workmanship is a never-ending job. And so, Ladies and Gentlemen, permit me to drink the health of ORT, to that phase of ORT which will be never-ending, the creation and the promotion of the cult of master-workmanship among Jews. (Applause.)

ORT WORK DURING THE WAR AND AFTER LIBERATION: A GENERAL VIEW

I

WORK IN SWITZERLAND AND NAZI OCCUPIED COUNTRIES

Address by Dr. A. Syngalowski

Dear President and Very Honored Guests:

It is very well that you are all present here. It is something to know that the feeling of isolation and of being stranded is over. That alone constitutes a sort of reconstruction which at least furnishes the possibility of the bringing about of the unity of the movement and central responsibility.

Following yesterday's discussion in the presence of honored guests and festive mood, we shall proceed to discuss, in our family circle, so to say, as to how the recent years, the dark years have passed by.

In normal times, it is a privilege for the responsible leaders of the institutions to present a report to the Executive Board. Now, however this task is, to me, no more than a bitter obligation. I realize, more than ever before, that now public thought is preoccupied. What, after all, is a report? A retrospective analysis. And when one looks back, one notes that all that had been accomplished went up in smoke.

And when this score has to be totalled by one who recalls every detail, one who has been intimate with every member of the ORT's staff in all of the cities and towns in which ORT work was carried on, it is, believe me, far from a privilege to present this report.

Friends: Before we begin to speak, we feel as if something depresses us. Why? How has it happened? It seems senseless to persuade oneself that, had Jews done thus and not otherwise, we would have been able to avert a great misfortune. There is not, nor has there been, any national idea or strategy by means of which the holocaust might have been averted.

This is the result of the abyss into which the world has plunged. Even those who are not adherents of anti-semitism; nay, even those who are pro-semitic—have, by means of their tolerance, permitted this monstrous crime to occur. At the graves of our millions, we cannot forget those who aided in cheapening Jewish honor. Even now, a Bishop, with Hitlerian cynicism, still offers excuses for pogroms against Jews.

The activities of ORT during the war constitute a chapter in Jewish martyrology. The report of all the sufferings that have been endured

is not yet ready. Even now, while we are in session, items for that report are accumulating.

It will be an obligation to see that all this is recorded and published.

I intend but to present a brief outline of part of that report.

As early as 1934, we were confronted with the refugee problem. Sixty thousand Jewish refugees had arrived during that year in Lithuania. Subsequently, the number of refugees exceeded the total of Lithuania's total Jewish population. What was to be done to aid them? What was to be done to make certain that the youth wouldn't become poisoned?

ORT paused for a moment to give thought to the new problem, and was soon ready to act. In the course of the very first few weeks, our Executive was ready with a plan of action. Upon telegraphic request from our central direction, the Lithuanian Government granted ORT permission to establish cooperatives. The Central Committee of the Lithuanian ORT then proceeded to launch trade courses. Mr. Olaiski, for many years Director of the ORT Schools in Kovno, who is fortunately present amongst us, symbolizes all the Jews who were subsequently confined in the German camps. In Vilno, a network of cooperative laundries and bakeries was set up. Large activity was also developed along agricultural lines. With the aid of Polish-Jewish farm experts, agricultural courses were initiated, and thus the sympathy of the populace and the recognition of the Government were elicited. In the ghettos, ORT workshops subsequently functioned—as death haunted every nook and corner of these stricken areas.

In Rumania, too, ORT workshops functioned throughout these years. In Buchkarest and Yassi, ORT activity proceeded even in the darkest hours. In October 1944, following Rumania's liberation by the Russians, ORT institutions were reopened after a brief interval of inactivity.

In Bukovina, all students were driven out, deported, shot—their homes burnt and looted.

It is regrettable that the Hungarian delegation is not present here today. It would have related to you with what sacrifices it conducted the ORT activities in the bleak hours; it would have told you how the ORT instructors sat in a cellar and prepared, in writing, the lectures for the students so that they might not suffer loss of time. In March 1946, shortly following liberation, 200 boys enrolled. The Center in Geneva responded with enthusiastic aid. Machines and tools were dispatched immediately. Indeed, everything arriving from abroad serves, first of all, as a media of encouragement to them, there. In accordance with our request, ORT there is proceeding to legalize itself into an in-

dependent organization. The remarkably strong will to live, inherent in these folk is indeed to be highly admired.

In Bulgaria, our schools were closed in 1940. In September 1944, following Bulgaria's liberation by the Russians, ORT in that country revived.

In Poland, where an extensive organization functions, it waged a struggle for survival—to its very last breath. In Warsaw, in the ghetto, the number of employees of our workshops and schools totalled 4,500.

Madame Gurman, whom we are fortunate to have amongst us here today, was a co-builder of the Polish ORT. She witnessed the holocaust, and now again sees the rebuilding. We trust she will be possessed with fortitude and that the Polish ORT will be a source of gratification to her.

The Berlin ORT school functioned as late as 1942. It still maintained contact with the Polish ORT, the heroic ORT leader, Joseph Yashunski. Subsequently, the unit conducting ORT activity, assumed the name, Artisans Committee. Still later, the deportations were ushered in, and nothing but ruins remained.

In France, extensive activity was conducted in the camps. During the war, 5,000 young people attended our schools and courses. Of importance was the school in Perigueux, the agricultural school-farm at La Roche. The work was done systematically almost throughout.

In a dark hotel of Toulouse, and on the street, Jews were seized. We therefore prepared our activity for the camps in Brens and Gurs, Rivesaltes and Recebedou, which recall Germany's crime and France's shame. Mr. Kowarski, who devoted a great deal of time and labor to this endeavor, is here amongst us.

ORT activity continued. We now view retrospectively our work during times of self-defense—self-defense in a double sense against the foe and against our own sense of feeling lost. Only one means of saving youth in the camps had existed at the time: through work. Workshops in the camps were a means against deportation.

During the years of annihilation, many thousands of Jews saved themselves in little Switzerland—some 28,000 of them. The ORT activities there began in January 1943. The method of our work ought to be particularly studied. The instruction plans and the teaching staff were focal points for Jewish refugees. One hundred fifty-two training units, with a roster of 2,700 students, were set up. In addition, 30 producing workshops were established in the camps. Four thousand refugees were clothed and shod.

Immediately following the war, the contacts with Rumania were

reestablished. In addition, two new young "babies", two new centers, were created: in Holland and in Belgium. We trust that they will bring us a great deal of joy. In addition, some machine and tool transports were despatched to Germany.

Whatever we have learned in a land of high technical culture, we have learned for all, to share with all.

Also, a beginning was made in the field of credit shares. Three hundred and sixty private workshops were set up. Machines and tools were provided for twenty-three callings.

At this time, we maintain in Europe two hundred and thirty trade schools and training workshops, for youth and adults, with a student enrollment of 5,500, but we lack a proper center to supervise and conduct our activities; a closely-knit, organic contact between the European ORT organizations. It is necessary to provide the organizations with whatever means and attention their task merits.

The aid of our friends in America has been extensive. They have, at all times, responded to our call for assistance. Our thanks are due to them. Special mention should be made of Women's American ORT, whose example women in Europe ought to follow.

In conclusion, we should pay our respects to the memory of the thousands of martyred ORT leaders who were done to death—in all corners of war-ravished Europe. The cause to which they had dedicated themselves—to their last breath—ought to remain sacred to all our forces throughout our lives.

II

WORK DONE IN THE WESTERN HEMISPHERE AND CERTAIN OTHER COUNTRIES

Address by Dr. David Lvovitch

We just heard Dr. Syngalowski's splendid report about ORT activities in Europe and I think we all ought to be grateful to him for his ceaseless activities conducted at a time when all communications between us were severed. To round out the picture, I would now like to present a short survey of all that has been done by ORT during this period, in the Western Hemisphere and in Shanghai.

Since the end of 1942, we, in America, no longer received any reports from our Paris headquarters, from our offices in Marseilles and Vichy, or from any other country in Europe. After the unfortunate death of our leaders, Dr. Leon Bramson and Professor William Oualid,

only the small Executive Committee, headed by Dr. Syngalowski, remained in existence.

The work of ORT in Paris involved many sacrifices. Instructors gave their lives for our work; more than 210 instructors and pupils were deported. In America, we heard this sad news only after France was liberated.

We were, of course, overjoyed, when we learned that Dr. Syngalowski had been able to reach Switzerland. But it was even difficult to keep contact with him. On one occasion, we received a cable from him informing us that Mr. Frenkel was "seriously ill." We understood the nature of his illness, but the cable sounded suspicious to the Censor. Therefore the Censor's Office summoned us and we had to explain the real meaning of Dr. Syngalowski's cable.

Under wartime conditions it was also difficult, if not impossible, to dispatch relief to Europe. Nevertheless, in those years, we spent more than one million dollars for Switzerland, for we realized that Switzerland served as a relief center for other countries too. Furthermore, we took into account that we would have to meet all financial obligations of ORT in those countries where our organizations continued their activities without receiving any funds from us.

I was the sole representative of ORT's Central Administration in America. Therefore when we were cut off from Europe, I convoked a meeting of the fourteen members of the Central Board, World ORT Union, residing in the United States of America, and we set up an Emergency Committee to carry on ORT work outside of Europe. We collected funds not only in the United States, but, partially in cooperation with other Jewish organizations, in Australia, Canada, Latin-America and in South Africa.

We aided in establishing an ORT School in an internment camp in Canada. Later this school was transferred to Montreal. We shifted our main interest to the Latin-American countries, where in many instances the European refugees outnumbered the native Jewish population in the respective areas. Thus, we organized schools in Havana, Cuba; in Buenos Aires, Argentina; in Sao Paulo and Rio de Janeiro, Brazil; in Santiago, Chile; in La Paz and Cochabamba, Bolivia; and in Montevideo, Uruguay.

The "European Friends of ORT" established two ORT schools in New York, one of which was named after our great leader, Leon Bramson. In cooperation with other Jewish agencies, we organized training courses for some 900 refugees, who, under President Roosevelt's special order, had been brought from Italy to Fort Ontario, Oswego, New York,

for a period of one year, after which time they were repatriated or allowed to immigrate to the USA or other countries.

In Shanghai, where more than 18,000 refugees from Germany, Austria, Poland and other European countries, were stranded at the outbreak of the war, ORT courses were established in 1941. They were carried on through all the war years under the expert leadership of our old friend, Chaim Rozenbes, who also came there as a refugee from Poland. More than 1,200 refugees were trained in the Shanghai ORT courses during the war. All these ORT trainees found employment with the U.S. forces or with private firms, when Shanghai was liberated. During the first post-war year the courses in Shanghai were extended. Up to now, altogether 2,085 Jewish refugees benefited from ORT training in Shanghai.

Our work, especially in Latin-America, was of political importance inasmuch as it was in accord with President Roosevelt's appeal for a Good Neighbor Policy between the United States of America and the Latin-American countries.

Long before UNRRA was created, President Roosevelt foresaw the huge masses of homeless people who would be stranded in Europe after the cessation of hostilities. When, on his initiative, the great international organization, United Nations Relief and Rehabilitation Administration, was created, it adopted the slogan which ORT had preached and practiced for so many decades, "help them to help themselves". It was only natural that we made every effort to cooperate with this organization, which at that time was headed by an old friend of ORT, Governor Herbert H. Lehman.

Immediately upon Poland's liberation, we dispatched a transport of sewing machines and tools through the good offices of UNRRA. Also under the auspices of UNRRA we are now performing our activities in the DP camps in Germany.

We were very happy to meet in Germany our old friend, Jacob Oleiski, the former Director of the ORT School in Lithuania, who had come to Germany as a displaced person himself. He started ORT courses in Landsberg after the liberation, even before ORT came into Germany officially. Since then I have seen an ORT "army" rising up in those camps.

I wish to express my thanks to the American Government, which aided us to a large extent in furthering our rehabilitation program.

Dr. Syngalowski was right when he said that one of the most vital objects of the present Conference is to re-establish a main ORT Center. I foresee great opportunities and vast tasks for ORT which make such

a Center imperative. I also concur with our friend, Mr. Louis B. Boudin, in his concept that the first two periods of ORT work, the Russian and the European, are now to be followed by the World Period of ORT endeavor.

This World Period of ORT's endeavor relates not merely to the objects which ORT is to accomplish, but also with respect to the ORT organizations which are to accomplish that purpose. During the first period of ORT's existence, the organization was limited geographically to the Russian Empire. During its second period, it became a world organization, in the sense that it was composed of organizations throughout the world, but these organizations were divided into two categories: Some had the double task of supplying funds for ORT work, as well as doing the work itself. Others, however,—and that applied particularly to the New World,—merely collected funds to be expended in ORT work in the Old World. Now, however, in ORT's third period, ORT has become a world organization in the sense that not only its funds come from all over the world, but its activities reach all the remote corners of the world. This requires that *all* our organizations, whether in the Old World or in the New, should actively participate not only in the furnishing of the means for ORT work, but also in the actual prosecution of that work, and in the management of the central organization which is to supervise that work.

THE REHABILITATED ORT

Address of Louis B. Boudin at a meeting of American ORT Federation, held on October 29, 1946, at Society for Ethical Culture, New York City, to hear a report from its delegates to the World Ort Conference.

Mr. Chairman, Friends, Ladies and Gentlemen: Since the end of the greatest of world wars, many Americans, many American Jews have gone abroad and have come back to tell of the great devastation that Europe has undergone during the war, of the great demoralization which it has left behind it in many quarters, and of the assistance, help, relief, which we are called upon to give in order to repair some of the damage that the war has done there, as elsewhere, in the world.

It is my pleasant task tonight not to talk to you of the devastation wrought by the war, but of an attempt, a small attempt it is true, but nevertheless an important attempt to reconstruct devastated Europe. Reconstruct, not merely by giving temporary relief, but actually doing some reconstructive work and rehabilitating work.

Those who know anything about ORT, and you all do, know the kind of work ORT is doing, and it is therefore not my intention to tell you of the work that ORT is doing there as such; but, rather, it is my intention to give you a brief account of the rehabilitation, so to say, of ORT itself.

The war naturally destroyed the old world ORT organization, and one of the tasks of the Conference which was held in Paris last August, was to reconstruct ORT, the organization itself, so as to enable it to do the work of reconstruction which is now ahead of it in Europe.

I must say to you that I was greatly pleased by what I found there; greatly pleased by what I had found at the Conference and in the places which I visited before the Conference.

Now, first of all, I must say a word about the Conference itself. Mr. Levine, our Chairman, has told you that there were delegates from nineteen countries, some of them from remote parts of the globe. But this does not tell the entire tale which I think you ought to know.

That tale is that not only were the delegates from many countries, but they were delegates representing all types and kinds of Jews—orthodox Jews, reformed Jews, right wing Jews, left wing Jews,, zionists, non-zionists.

That is important for you to know because one of the greatest difficulties of reconstructing Jewish life in Europe is the division which exists among the Jews, just as they exist among other nations.

ORT, I believe, is the only place where all Jews can come together,

and I am glad to report that I have seen them coming together at the ORT Conference. We had there, as I said, Jews of all kinds. We saw there, things that you cannot see anywhere else.

Socialists rubbed shoulders with communists, conservatives with radicals, zionists with non-zionists; and all were engaged in this joint effort of reconstructing the ORT so that it may be in a position to do the job in Jewish life that it must do in Europe.

Nor was this an exceptional case. The Conference actually represented what was going on everywhere in Europe. It wasn't a case where, say, communists from a communist country rubbed shoulders with conservatives from a conservative country, but these people of the various persuasions, of the various views of political and economic life, in most cases, came from the very same countries.

And this question of countries brings me to another matter which I want to call to your attention. The attitude of mind which divided European Jewry along geographical lines into "Ost-Juden" and "West-Juden", into "old stocks" and recent immigrants, has completely disappeared as far as ORT is concerned. These distinctions had, to a certain extent, disappeared in ORT even before the war. But the experience of the war has eliminated them entirely; at least as far as ORT is concerned, just as it has eliminated all ideological distinctions.

I saw that cooperation of the various groups in Jewish life before I actually came to the Conference. I saw it in countries which I had occasion to visit before the Conference opened.

By way of illustration, I shall mention the small country, Belgium, which is one of the latest countries in which ORT is now at work and doing a splendid job. The President of the ORT in Belgium, is a well-known banker, Mr. Goldsmith. The Vice-President is a well-known banker, Mr. Phillipson.

The Chairman of the Executive Committee is a well-known radical, Mr. Van Praag, who happens to be in the Cabinet in the Ministry of Reconstruction. He is actually the Minister of Reconstruction, although he hasn't got that title. Messrs. Goldsmith, Phillipson and Van Praag are "old stock" Belgians, their ancestors have lived in the country for generations, perhaps centuries. But Mr. Jospa, who, next to Mr. Van Praag, is perhaps the most active member of the Belgian committee, and was one of the delegates to the Conference, is a Russian Jew.

The membership of the group that is doing the work there is as representative as these officials both as to origins and ideologies, and it is because of this that the Conference itself represented all of these shades of opinion, all of these groups, in Jewry.

At first I was rather surprised at this coming from America where right doesn't sit with left, and where conservatives won't speak to radicals, and radicals won't speak to conservatives. I was somewhat surprised, even though pleasantly, to find the different groups working together.

I tried to find out, and I soon discovered the reason why. The reason is that the last world catastrophe was a great leveler. It was a leveler everywhere, but particularly a leveler among the Jews. All of these Jewish elements found themselves working together in the resistance movement, in which I am glad to report to you, and I think you should know, the Jews played a tremendous role, a role which, so far, has not been given enough credit. I hope some people will soon do the job of telling the world of their great work in the resistance movement.

These people met in the resistance movement, and it was there that they learned of the importance of working together in such tasks as the ORT has, namely, in rebuilding the world.

Another thing that I must report to you, in reporting on this Conference, is that most of the Jewish leaders of the resistance movement have gone into ORT and are now doing a remarkable job in rebuilding ORT and in doing the work which ORT is called upon to do.

Again I would refer to this little country of Belgium. I refer you to the Chairman of the Executive Committee, this Chef de Cabinet of the Ministry of Reconstruction, Mr. Van Praag. He was one of the principal leaders of the resistance movement there.

But that was not the only country where the Jews played a great role in the resistance movement and where Jews who had been in the resistance movement play a great role in ORT today.

France is another example. The Chairman of the French ORT, Judge Leon Weiss, now the President of the New Central Board of ORT, was a great leader in the resistance movement, and the young man who is in charge of the training work in Paris schools, young Bramson, a nephew of the founder of the International ORT, was also a leader of the resistance movement.

Another leader of the resistance movement, who is very active today, is Philip de Ginsburg, the son of our good friend sitting here on our platform, Baron Pierre de Ginsburg. Philip de Ginsburg is an old ORT worker and he is working now with renewed effort and renewed zeal since he has been an outstanding leader in the resistance movement; and because of this he has become an outstanding leader in ORT work in France.

And so along the line you will find these things, all of these elements coming together, joining in this work of ORT and playing a big role in the leadership of ORT. I also want you to know that they have not entirely replaced the old ORT workers, because there are still some of the old guard holding the fort and doing magnificent work.

There are also other countries, in which there was no resistance movement, such as Switzerland, where new elements have come into the ORT and they also represent these various sections of ORT.

The President of the Zurich ORT is Judge of the Court of Appeals, the only Jewish Judge of the Court of Appeals, and he happens to be a Socialist. In Geneva, we have outstanding men like Professor Guggenheim, Professor Hirsch, and our old friend, Dr. Syngalowski.

Such is the personnel, and they give character to the work that ORT is doing now. The work of ORT is being done in more countries today than it has ever been done before. In all of the countries where ORT had been doing work before the war, the work is now being renewed, and in many countries where no ORT work had been done before, it is now being done, and done on an increasingly large scale.

In France we have always done a big job, but now we are called upon to do a much larger job, a much bigger job, because France has become one of the greatest Jewish communities in the world. It has more Jews today than it has ever had before.

The same is true of Belgium, not that it has more Jews, but that there are many more Jews who come from the outside for whom a job of assimilation into the community must be done, and a job of fitting them for work if they should go elsewhere in the course of time.

The same is true of Holland, and I may say to you that in Holland, as you see in Belgium, the kind of people that have come into ORT recently and the reasons why they have come into it are the same.

It would take me too long to describe all of these things in detail to you, but it is important to know them because we want to know who is doing the work in Europe, because that is very much of a guarantee of the quality of the work that will be done there, and of the ability of these people to meet the great job which is ahead of ORT if they will be given the means with which to do it.

Now, another thing that I must report to you is the fact that ORT is actually the only organization which systematically does the work of rehabilitation through vocational training, which is prepared to do it both by its experience and its devotion, which is equipped to do it because of its long experience and its readiness to do the job.

This is rather important here, and I want to speak not only to

those who are friends who are outsiders, but particularly to our members because I know that there is considerable confusion on the subject as to who is called upon and who actually does the work of vocational training among the Jews of Europe.

I would like you to know that ORT is the only organization—that is, the only Jewish organization, which systematically does the work and which devotes all its efforts and monies to this work of rehabilitation, exclusively.

Furthermore, it is important for you to know that other Jewish organizations, that Jewry as a whole in Europe, look to ORT for the doing of this job. I wish I had the time to tell you about the many instances on which I had occasion to assure myself of this, to find out for myself that this is the situation.

I can only mention briefly a few of the instances. The day after the Conference adjourned, I sat in at a conference with representatives of the Youth Aliyah. That is the youth movement of the Zionists.

A delegation from the Youth Aliyah came to us and asked us to do their work of "Hachscharah". Now, we are doing a lot of that work, but we are not doing all of it, and we are doing it only in Europe. This delegation made the demand upon ORT that we do all of their work in Europe and that we organize in Palestine what might be called a post-graduate course in schools. They have schools there but they are not the quality of work that ORT has been doing in Switzerland and elsewhere, and they wanted us to go to Palestine in order to give the finishing touches to the work they were doing there.

Two days before I left Europe, I sat in on another conference with the representatives of another Zionist youth organization—"B'nai Akiba". That is an orthodox group, who made the same appeal to us, that we should come and do this job of vocational training in their youth movement.

That will illustrate to you the position of ORT in Europe and elsewhere, outside of the United States. That is, in those countries where work has to be done. They all look to ORT to do the work.

This is recognized by other Jewish organizations that are doing relief work there, notably the JDC. I have here with me one of a number of letters which were shown to me by ORT representatives in Europe which is brief, and I will read it to you. It is on the stationery of the American Joint Distribution Committee, Educational Division, with UNRRA. It is dated May 29, 1946, and is addressed to Vladimir Grossman, the ORT representative at UNRRA. It was sent by a courier and reads as follows:

"My Dear Mr. Grossman: I have just come from Eschwege." (Eschwege is one of DP Camps in Germany). "They have wonderful possibilities for ORT work there and have been clamoring for your help. Unfortunately, we have no people trained in mechanical work, and we count entirely on ORT for that. Will you please try to go there as soon as you can and let me know of your progress there.

With best greetings, Koppel S. Pinson, Educational Director, American Joint Distribution Committee."

I said that this is one of a number of letters that was shown to me by representatives of ORT while I was in Europe attending the Conference.

Now, I am telling this to you, members of the ORT and friends of the ORT, not in order to tell you what a fine piece of work we are doing there; but rather to tell you wherein we have failed, and why. Of course we went to Eschwege and we are doing a fine piece of work there, but there are many places to which we couldn't get because we didn't have the means for getting there.

I am speaking of the financial means, and I am telling this to you in order to advise you and appraise you of the great responsibility which rests upon you. European Jewry counts entirely upon ORT to do this job, not only in the DP Camps of Germany and Austria, but all over Europe where Jewish refugees and Jews are congregated in large numbers, who require retraining, who must be given vocational training to enable them to become respectable members of the communities where they live or to which they intend to go.

European Jewry expects this of you American Jews; just as the JDC workers, who are on the spot and who know who is who and what is what, expect ORT to do this job. European Jewry expects American Jewry to give the ORT the means which will enable it to do this great job.

They are waiting for your answer. You cannot disappoint them. You shall not disappoint them. I thank you. (Applause).

A YEAR OF JEWISH RECONSTRUCTION IN FRANCE

ERIC SCHIEBER

[The following article is based on a report made to the World Conference of the ORT Union held in Paris August 17th to August 21st, 1946; and, as the text shows, includes only the activities of the French ORT up to May 1946. The work of the French ORT has substantially increased during the remainder of 1946, and further increases have been planned for 1947. The work of the Paris ORT is particularly due for a large increase because of the purchase of a new building, which was made possible through a munificent gift by the International Ladies' Garment Workers' Union.—Ed.]

THE GENERAL SITUATION AFTER THE LIBERATION:

In December, 1944, a Conference took place at Voiron, at which the directors of the French ORT met with Dr. A. Syngalowski, Vice-President of the ORT Union, for the purpose of planning the activities of French ORT in 1945.

The general situation in France, and particularly that of the Jewish population after the Liberation, was carefully examined. It was evident that it would be necessary to adapt our work to the pressing needs of the moment.

It was well-known that the greater part of the Jews who found themselves in various parts of France at this time were most anxious to get back to their former homes as soon as possible.

Certain centers, such as Nice, Grenoble, Limoges, Périgueux, were found to have considerable Jewish populations as a result of the war. Others arrived there after the occupation of Italy. At the same time many refugees settled in Grenoble, Limoges and Périgueux, which were already from 1939 on filled with refugees from Alsace and Lorraine.

Since it was foreseen that these refugees would try to return to their former homes, it was a case of dealing with an unstable group which would probably have no intention of following any regular course of vocational training even of short duration. Only certain larger cities, above all Paris, Lyons and Marseilles and (after the liberation of Alsace) Strasbourg, would have after the war Jewish populations of stability and importance, and ORT decided to create there its great permanent institutions.

However, the plans for returning home of the majority of the refu-

gees turned out to be premature and impossible of fulfillment for various reasons. First, the insufficiency of railroad service made any movement impossible. Finally, the recovery of apartments, workshops and stores of a great number of Jewish refugees promised to take so long that it would be necessary for them to wait where they were before being able to reenter into possession of their properties.

As a consequence, ORT had to intensify without delay, its activity in the various sectors where a considerable Jewish population existed in order to respond to the imperious needs of these unfortunates.

In view of the fact that the majority of the refugees were totally ruined, the problem posed was infinitely vast. It was a question not only of helping momentarily the unfortunates, but also of furnishing them the means of becoming self-supporting. What was necessary was constructive help to lead them to constructive work, to furnish to ruined artisans the necessary machines and tools in order for them to take up their former work and their place in the economic life of the country.

The pattern of our activity at the beginning of last year was thus forced upon us by the circumstances: to take up again and reorganize our work in the various centers, to open our institutions as soon as possible; in a word: to reconstruct ORT and reconstruct the Jewish life by putting into effect the program established at Voiron.

PLAN OF ACTIVITY OF THE ORT FOR 1945:

I.—Aid by work

The majority of the Jewish population and particularly the artisans finding themselves without means of production, without workshops, without machines, without materials, and the greater part, without resources, it was necessary to begin again to create everything new using as their single contribution their good will. To assure them work, it was necessary:

- to create in our centers, employment agencies;
- to organize workshops, that is to say, well equipped central workshops, for people already trained, who, as a result of circumstances, had neither work places nor machines. This work had to be done under the supervision of foremen and instructors of ORT;
- to create cooperative workshops for production.

II.—*Constructive and Economic aid to Jewish artisans*

This had to take the form of:

- the equipment of artisans and workers with machines, tools and material;
- the organization of workshops with machines to be used collectively. Machines being extremely expensive and difficult to find, it was necessary to create, with the technical and material collaboration of the ORT, centres where a little group of artisans could use the same equipment in rotation. Thus, for example, several carpenter-shops could be adapted to this type of installation.

III.—*Vocational training*

To lead the Jewish masses to productive work, the ORT had to:

- reopen our Trade Schools for the young people;
- organize workshops for Apprenticeship and Trade Schools in the Homes for Children. In view of the large number of children without parents in the care of social agencies, it was necessary to organize in these homes numerous schools for artisans and apprentice workshops. In these institutions, and in a period varying from one to three years, the pupils have the chance of being started on practical work as well as acquiring theoretical knowledge in various trades and industries:
- to create a Service of Vocational Apprenticeship in order to be able to place in workshops and industries these young boys and girls anxious to learn trades, especially those who have not been trained in our institutions.

IV.—*Agricultural training and help to Jewish farmers*

The formation of agriculturists was to be continued, as well as the training of the children for gardening work, and also bring a technical and material help to the Jewish farmers.

DIFFICULTIES:

The realization of this program has come up against great difficulties due to the disorganization of the economic life of the country: (1) Difficulties of finding buildings for our schools and administrative

offices, several of our centers having been destroyed by bombardments, others taken over and occupied during our absence; (2) Difficulty in recruiting the necessary qualified personnel owing to mass deportations; (3) Lack of materials, machines and tools in France, where the Occupation forces took away everything and rendered extremely difficult the installation of workshops for Apprenticeship and putting our Service of Rehabilitation often in the position of being unable to satisfy all the demands of the despoiled artisans; (4) Insufficiency of railroad and postal service which sometimes prevented a close contact between the Central Office and the branches.

We must add to all the above difficulties due to the general situation in the country, the distress of the Jewish population, of which a large number morally and materially exhausted, sought to emigrate.

Even still more disoriented and uprooted was the Jewish youth. Many of these young people had charge of younger brothers and sisters and had to assume in the absence of parents all the responsibilities of heads of families. Having to earn their living without delay, they were unable to devote themselves wholeheartedly to vocational training.

In addition, the long years of oppression and danger, the long years of forced inaction, had often severely affected their morale. The economic situation offering certain opportunities for easy money making presented an attraction which prevented a certain number of young people from learning a trade.

This was the situation at the end of hostilities in Europe on the 8th of May, 1945.

Naturally this happy event brought about certain modifications, as well as a considerable extension of our efforts. It was only at this moment that it was possible to see clearly the extent of the catastrophe which had overwhelmed the Jewish people: the millions of men, women and children destroyed under the Nazi heel, the ones able to escape utterly ruined. The arrival of the war prisoners and the deportees, and the return of the Jewish population from their hiding places to their former homes, posed new problems for the French ORT. Actually the economic rehabilitation of the Jewish masses could not always be effected by a simple return to the past, but required a new orientation, a social reclassification, a different division of economic functions.

It was thus that it became necessary to give to former business people, to former members of the liberal professions, as well as to all those who had no well defined activity, new techniques necessary to new vocations. Thanks to this new training, they could become competent

workers and skilled artisans which would put an end to their sufferings and enable them to begin a worthwhile life.

REALIZATION:

To meet the many needs of the Jewish masses despoiled by the war and the situation created by the end of hostilities, we not only took up again our work in Paris and the provincial centers, but we also considerably increased the number of our centers and institutions in France. We even created entirely new ones of capital importance, viz: The courses in gardening; the Apprenticeship service; the Employment service; the Rehabilitation service; the Medical-Social service; the School canteens; the Scholarships and maintenance allowances for students; the Clubs of students and apprentices.

Soon the buildings at our disposal in Paris and Marseilles proved insufficient to contain all our new courses and at present the lack of suitable buildings is a great obstacle to the extension of our work in these two cities. More than 600 applications for enrollment had to be refused in Paris.

The families of the unfortunates who perished in the nazi prisons have always been the object of our particular solicitude. Thus we created for the women deportees workshops of apprenticeship and production where they could learn very rapidly the basic elements of dressmaking and lingerie and are thus able to earn their livings from the very beginning.

The women deportees and wives of deportees who wish to establish themselves independently receive from the ORT the tools and machines they need and the ORT also get orders for them to execute.

In order to render the work of ORT more effective we have also reorganized our local committees and created various new committees. Our local committees control the work of our Centers and it is thus that their members are kept informed of all the activities of the Center. The chairman of each committee is a member of our Central Board.

The technical committees and their various sub-divisions (radio, electricity, mechanics, woodwork and construction, dressmaking, etc.) have also been reconstituted. They meet regularly and are an important help in the making of plans and the examination of the important problems of a technical nature.

In view of the important work that the ORT is doing on behalf of Jewish workers and artisans, we have associated with us in our work representatives from the Jewish Inter-Union Committee of the General

Confederation of Labor, (C.G.T.), the Association of Jewish Artisans, The COJASOR, the Intergovernmental Committee for Refugees, the Association of Deportees, etc. Our Service of Vocational Apprenticeship functions under the control of a special committee, the members of which are representatives of Jewish organizations concerned with the education of children, such as O.S.E., O.P.E.J., the Jewish Boy Scouts of France, the Social Service for Youth, the Colonie Scolaire, the Federation of Jewish Societies of France.

Our constant endeavor is that our students should find in our institutions a high level of studies, the most modern technical equipment, perfect order and organization, for the purpose of making the teaching a source of energy and professional enthusiasm.

In our schools and vocational courses, the aim is to inspire in our youth a love of their work, so that they will consider it not merely as a future source of livelihood, but as one of the purposes of living.

But it is also indispensable that our institutions replace in some measure the families of those who are alone in the world, and that they furnish to the needy the means of earning a living and pursuing their studies. It is also necessary in the case of most of our young students to fill in the gaps in their general education caused by the tragic years they have lived through.

We must surround them with a Jewish environment which will transform their inferiority complexes into a feeling of human dignity and a pride in being Jewish workers.

THE VARIOUS BRANCHES OF ACTIVITY OF THE FRENCH ORT:

I. *Technical Teaching:*

After the liberation, large numbers of people who were obliged to learn a trade rapidly in order to support themselves and their families applied to the ORT for help.

It was thus necessary for us to create short term courses in carefully chosen trades in which French industry was feeling a lack of trained workers. Thus we organized a course in gas-welding. With the modernization of French industry, welding is constantly becoming more and more important and many welders are being sought after in industrial production. In our course for adults our pupils can learn this trade in four months and are assured of well paid employment.

Another problem which occupied our attention was that of appren-

ticeship. At the beginning of 1945, we created a Service of Apprenticeship which will be discussed later and which accomplished the great work of placing 1150 students in the shops of professional artisans divided among 54 different trades.

In our day every artisan and worker must have a solid general education. The majority of the young people coming to us did not have any regular schooling during the Occupation. In order to complete the vocational training and the general education of our apprentices, we have organized night schools of complementary courses, as well as general courses, where the apprentices learn the French language, arithmetic, geometry and drawing.

The great difficulty of placing young people in apprenticeship in private workshops is also due to the fact that the craftsmen in certain trades as electricity and radio often refuse to take apprentices because of the lack of materials. To overcome this difficulty we tried an experiment in Grenoble which was very successful. We organized for the benefit of students who could not take courses of normal length because of the necessity for earning their livelihood immediately, courses in electrical installation of short duration (3 or 4 months). In these courses, they acquired elementary notions of the trade both theoretical and practical. After 4 months the roughly trained students could easily be placed as workers. This system has given full satisfaction. On one hand, employers who were afraid of wasting their material did not hesitate at taking on youths who had already some knowledge of the trade. On the other hand, the students were able to start earning immediately the pay of beginners.

On August 20, 1945, the first graduating class passed its examinations and the knowledge of the students was found to be surprisingly high.

Pursuant to our plans for leading the Jewish masses towards manual work in order to secure them a better future based on productive work, we have made a great effort to initiate the children into work and to give them the love for a manual trade.

With this in view we organized at Cessieu (Isère) at the Children's Home of O.P.E.J., courses in cardboard work and bookbinding. The great success of these courses has led us to open others.

The pupils leaving our schools and vocational courses enjoy everywhere the reputation of competent workers. The results obtained are thus in the highest degree satisfactory.

Examination: On finishing their courses, the boys and girls of our trade schools take the examinations for the Certificate of Professional

Aptitudes (C.A.P.). In this way, all the nine pupils of the school of mechanics (the small number is explained by the fact that they were third-year students who had begun their studies during the Occupation) obtained their diplomas. The importance of this success can only be appreciated when we bear in mind that in the Department of the Seine only from 34 to 40% of the candidates received their C.A.P., owing to the difficulty of the examinations.

The students who finish our courses are required by the ORT to pass a board of examiners composed of eminent personalities, and specialists in their professions. On the 9th of January, 1946, the examinations in the course of electricity took place at Grenoble. The Commission was presided over by M. Antoine, Professor of the Electro-Technical Institute of Grenoble and President of the Association of Electrical Constructors of the Department of the Isère; the two vice-presidents were: M. Werner, Civil Engineer, Assistant Director of Vocational Training of the Ministry of Labor, and M. Meyjonade, Secretary General of the Chamber of Trades, all three of whom placed their signatures on the certificates. Among the other members of the Commission were M. Boussant, first assistant to the Municipality in charge of technical teaching in the city of Grenoble, who represented the Municipality, M. Chapelut, Inspector of apprenticeship of the Chamber of Trades, M. Goldkind, Engineer Delegate of the Departmental Commission of Reconstruction and of the Lighting Service of the city of Grenoble, the delegate of the Service of Professional Reclassification of the Ministry of Prisoners and Deportees M. Warin-Oddou, Municipal Councillor, etc.

All the candidates passed and the members of the Commission, satisfied with the standard of their training, gave them jobs on the spot in their various enterprises.

In Nice, out of seven students of the course in hairdressing, five passed with the mention "very good", one with the mention "good" and one without mention.

In Paris, out of 19 students of our course in pattern-cutting, 18 passed, all the 16 pupils of a second group as well as the 11 pupils of a course in high fashion dressmaking, the 6 pupils in the dressmaking course for wives of deportees and the 10 pupils of the course in millinery, passed their examinations with success. All the 17 pupils of the course in welding and the 17 pupils of the course in electrical installation succeeded in their examinations.

Recently, the examination for the pupils of the radio course took place. M. Danel, Principal Inspector of vocational training of the

Ministry of Labor, took part in this Commission, as well as in others. In addition, there were taking part in this jury, M. Serf, Honorary President of the Syndicat of Radio-Electro Construction, M. Aisberg, Engineer, Editor in Chief of the Magazine *Toute la Radio* and other engineers eminent in radio technology. All the 14 candidates (among whom were deportees and some others who had been only one year in France and expressed themselves with difficulty in French) showed a very high level of knowledge both theoretical and practical. All passed the examination with success. The Commission congratulated the directors and teachers of the ORT on the brilliant results obtained for a period of study of only 12 months.

THE TRADE SCHOOL AT STRASBOURG:

After the liberation of Alsace-Lorraine, the Alsations who had taken refuge in Périgueux and in Limoges, returned to their homes. The members of our Committees of Périgueux and of Limoges who now found themselves in Strasbourg, and who had carried with them the memory of the excellent work which the ORT had accomplished in those two cities, decided to create in Strasbourg a central school for vocational training for all Alsace. The ORT made arrangements with the Trade school of Strasbourg which had a large building which was placed at our disposal. After completing the reconstruction and installations necessary, we will open at the beginning of the 1946 school term a boarding trade school for boys and girls. This model school will permit the boys and girls who live in little villages in Alsace-Lorraine to acquire a thorough vocational training.

The school for boys will have two sections: radio-technology and electricity. The school for girls will teach high fashion dressmaking.

THE MARITIME SCHOOL AT MARSEILLES:

The ORT has just opened a new field of activity to Jewish youth: the sea.

With the Jewish Maritime League, the ORT opened at the beginning of the 1946 school term a Maritime School with a boarding department. In this Institution, young Jewish boys from 14 to 22 are learning the trades of sailors, fishers, marine carpenters, divers. For this purpose, a boat to be used for training, together with all the material and equipment needed for diving, has been acquired.

THE INSTITUTIONS OF THE ORT:

On the 31st of December, 1945, the French ORT had 45 projects for vocational training with a total of 1225 pupils and apprentices.

The projects were divided as follows:

- 14 projects of technical instruction in Paris with 527 pupils and apprentices.
- 25 projects in the provinces with 547 pupils and apprentices.
 - 3 farming schools with 51 pupils.
 - 3 courses in gardening with 100 pupils.

The ORT extended its activity in 17 cities: Paris, Marseilles, Lyons, Nice, Grenoble, Aix-les-Bains, Cessieu, Limoges, Moissac, Toulouse, l'Isle-Adam, Hénonville, La Roche, Cambes de Pujols, aux Angiroux, Boulogne s/Seine, La Malmaison.

Our institutions are very varied. We have actually:

- 5 Trade schools
- 2 Centres of apprenticeship for boys from 14 to 17
- 22 Courses of vocational training for adults over 17
- 2 Courses for advanced training for craftsmen
- 1 Complementary course for apprentices (practice and theory)
- 2 Courses of initiation into manual work for children (T.M.E.)
- 5 Services of vocational apprenticeship (S.A.P.)
- 3 Farming schools
- 3 Courses in gardening.

During the first four months of the year 1946, we organized 21 new projects and raised the number of our pupils by 578, with the result that on the 15th of May, 1946, we had 66 projects in France with a total of 1803 pupils and apprentices.

II. SERVICE OF VOCATIONAL APPRENTICESHIP (S.A.P.):

The Service of Vocational Apprenticeship was created in March 1945 for the purpose of placing young people in workshops and industries as well as in various schools and vocational courses, especially those which were not being taught in our own institutions. The services were organized in connection with our Centers in Paris, Lyons, Grenoble, Toulouse, Marseilles.

All the workshops are very carefully selected in order that the apprentices may obtain a real vocational training in a proper environment. The apprentices are guided and supervised by inspectors of the ORT

who visit the workshops regularly and check up on their progress.

In the course of the year 1945, 617 apprentices were so placed.

In Paris, 521 young people (383 boys and 138 girls) were enrolled in the S.A.P. among whom were 323 of French nationality and 298 foreigners. 346 young people were placed in 54 different trades, among them the most important being mechanics, electrical installations, radio technology, hairdressing, jewelry, furriers, leather work, dress-making, tailoring, millinery, fitting, welding, carpentry, cabinet-making, optics, orthopedics.

Among these 346 apprentices are also 46 pupils whom we have placed in special schools where they have been studying stenography and typewriting, dental prothesis, design, hairdressing and massage.

The Service of Vocational Apprenticeship connected with our various centers in the provinces has been able to place all the young people enrolled, viz: Toulouse, 102; Marseilles, 61; Grenoble, 59; Lyons, 49.

To complete the vocational training and general education of our apprentices, we have organized complementary night courses.

At the end of 1945, we had a course in radio-technics in Paris and a course in electrical installation in Grenoble.

The organization of other complementary courses was also under way and in 1946 the ORT opened in Paris a course in leather working and a course in general education where the apprentices study French, arithmetic, geometry and drawing.

The Service of Vocational Apprenticeship was considerably developed in the early part of 1946. By the end of May, the total number of apprentices placed was raised to 1150.

III. EMPLOYMENT SERVICE:

We have organized an Employment Service in order to help and guide our people looking for work. Thanks to this Service, 854 people were placed in jobs in the course of 1945 divided as follows: Paris, 56; Nice, 330; Lyons, 153; Grenoble, 125; Toulouse, 120; Marseilles, 70. By the 15th of May, 1946, 1,107 people were so placed.

IV. SOCIAL SERVICE:

The economic and moral situation of our pupils does not permit us to devote ourselves exclusively to their vocational education. Seventy-five percent of our pupils are the children of deportees or have returned themselves from deportation. They cannot devote themselves quietly to their studies and look forward to a happier future unless the ORT

gives them during their apprenticeship the indispensable economic security and the encouragement of all sorts which they need.

Scholarships:

With this in view, we therefore grant tuition scholarships and maintenance scholarships. The apprentices placed by our S.A.P. in the various schools and vocational courses (hairdressing, stenography, typewriting, etc.) receive monthly scholarships which permit them to pay their tuition and learn the work they have chosen. All the needy pupils and apprentices receive maintenance scholarships.

In the course of the 1945, 366 pupils and apprentices received scholarships totalling the sum of 2,328.939 francs, a scholarship amounting to as much as 3,000 francs.

By the terms of the agreement we have made with the COJASOR, the latter organization helps us to provide for the maintenance of our needy pupils reimbursing us for the maintenance allowances we give. Considerable help has also been given us by the Intergovernmental Committee for Refugees. Thanks to this aid, 74 stateless pupils have been able to pursue their vocational training.

Medical-Social Service:

A permanent medical and social service takes care of the health and well-being of our pupils. Our doctors take care of the sick and continually watch over all of them. They also keep under surveillance the hygienic conditions in our student canteens. Our social service workers visit the homes of our pupils and apprentices in order to bring them the material and moral help which they need. Many of our young pupils who are without families have been placed by us in the children's homes of the O.S.E. and O.P.E.J. in Paris and the suburbs.

Clothing:

Towards the end of 1945, we were able to begin the distribution of clothing, the greater part sent by Americans. The deportees among our pupils, and most of them are deportees, have been the recipients of this clothing, for which they have been extremely grateful.

Students' Canteens:

An important contribution to the well-being of our students has been the organization of students' canteens in our schools in Paris, Mar-

seilles and Lyons. In Paris, our canteen has served 200 meals a day; that in Marseilles, 65. In addition, we have distributed the vitamin biscuits given to us by the Entr'Aide Française.

The chance to take meals at the canteen represents a double advantage to our students: they receive a substantial, well-cooked meal and have thus no need to go home at noon, which is extremely tiring, especially in Paris. In this way, the absences and tardiness which often occur when pupils return home for dinner are avoided. The canteens are very much appreciated by our young people weakened and undernourished as they are as a result of food restrictions.

Directed Leisure: Clubs, Meetings, Sports:

We have also organized in our Centers, clubs for the students and apprentices. These clubs offer the young people, the majority of whom have no homes, the chance to spend their free time in an atmosphere of fellowship and in a Jewish environment. Lectures and meetings—entertaining and educational at the same time—are arranged. In them are discussed all the problems which are of passionate interest to-day for youth, prominence being given to Jewish history and culture.

Swimming and open air sports are also given an important place in the programs of our schools. Every Sunday and holiday, the students and apprentices of the ORT go to the swimming pool or on outings under the direction of our Inspectors and Monitors.

V. SERVICE OF REHABILITATION:

During the years of the Occupation, Jewish artisans also suffered terribly. Many were deported and have never returned. It would seem that the Gestapo and Militia set upon the artisans and workers among the Jews with especial ferocity because they represented the most active elements of the Resistance.

Before the war, there were ten thousand Jewish artisans in Paris. There are only two thousand left. The tailors suffered particularly, for out of four thousand, scarcely five hundred are left. Knitters and wood workers also suffered considerable losses. The leather workers were luckier, for, being better off and not living in the quarter particularly subject to the mass arrests of the Gestapo, they were better able to escape.

However, those who were able to escape with their lives had their property taken away. The racial laws and their brutal application drove the Jews from all the positions that they had achieved with so

much trouble and zeal. Returning after the liberation, they found their apartments and workshops occupied, their property looted and pillaged by occupants without scruples.

The problem was to readapt these disoriented and uprooted people. It was necessary to give the artisans tools and machines, in order that they might, in taking up their trade again, take part in the economic life of the country and remake for themselves the lives of free men based on productive work. For this purpose, the ORT organized its Service of Rehabilitation and undertook to help in the reconstruction of Jewish artisans by a series of necessary measures:

- to furnish the artisans with the tools and machines indispensable to their work;
- to create workshops for apprenticeship and for production where qualified instructors of the ORT could direct the teaching and the work;
- to create workshops for the repair of machines.

The artisans apply to the ORT for tools and machines in large numbers. Their requests are examined by the Committee of Rehabilitation, among whom are also representatives of the Association of Jewish Artisans, and of the Jewish Inter-Union Committee of the General Confederation of Labor (C.G.T.).

However, innumerable obstacles are encountered, the principal being the lack of necessary materials, and the difficulty of finding machines and tools in France where everything was carried off by the Germans. But, sometimes the workers themselves find machines and ask the ORT to buy them for them.

In spite of all these difficulties, the efforts of the Service of Rehabilitation achieved important results. Up to December 31, 1945, 514 requests were complied with. Furthermore, our repair workshops have put 193 sewing machines in working order without charge.

Almost all the 707 beneficiaries were the victims of the racial laws, 54% have had one or more members of their families deported, 50% were ex-soldiers, 21 % were former prisoners of war, 18% were returned deportees. About 2,000 have thus benefited by the constructive help (counting an average of three persons for each artisan family).

The total value of machines and tools furnished to artisans amounts to the sum of 7,683,522 frs. 05.

The artisans make it a point of honor to reimburse the cost of these machines with remarkable regularity.

The greatest proportion of requests are for sewing machines for tailors and dressmakers. But on the long list of artisans who have benefited are also furriers, knitters, leather workers, lingerie workers, hat-makers, radio-technicians, electricians, hairdressers, house-painters, mechanics, carpenters, woodworkers, photographers, cobblers, shoemakers, needlemakers, upholstery-decorators, bookbinders, type-setters, corsetières, wood carvers, sheet metal workers, chemists and industrial designers.

The remittances of material from the United States have contributed greatly to our work of reconstruction of Jewish artisanship. The ORT Union buys machines in the U. S., Canada, England and Switzerland. However, transport being very difficult, the delays in deliveries have been rather long. It is to be hoped that the improvement of maritime traffic and the increase of French and American production will permit a more rapid delivery of all our machines.

In addition, people resident in America have bought machines for their relatives living in France which have been delivered in Paris and to other cities in France by our Service of Rehabilitation.

If the struggle for the reestablishment of the Jewish artisan has had such success, the part taken by the ORT in this work has been of paramount importance.

In the first months of the year 1946, the Service of Rehabilitation has still further extended its activities. The requests fulfilled have numbered 1,021 and a total value of 12,000,000 francs.

VI. AGRICULTURAL SERVICE:

1) *Agricultural Training:*

The agricultural teaching is planned to give young people between the ages of 14 to 18 (and sometimes older) a complete training in all agricultural work, both in theory and in a practical execution in all seasons of the year.

The practical work occupies the greater part of the apprenticeship. It is executed under the constant supervision of a head-farmer, for fields crops, and a head gardener for gardening. The agricultural expert or the manager of the farm participate in the supervision and give the theoretical courses. The work consists of a normal work day, that is to say, eight hours during the good season. During the winter, when there is little work to do in the fields, the students are initiated into all the indoor work (wood for heating, maintenance of the granary, care of the harvest, etc.). The tools most commonly in use are employed and

as far as possible the most modern.

During the winter, the pupils also take the theoretical subjects. These include elementary courses in the various branches of science as applied to agriculture: botany, agricultural chemistry (employment of fertilizer and various manures, and methods of improving various soils). The study of the physical and chemical composition of the soil occupies a place of great importance in the teaching. The theoretical courses also include experiments in physics, chemistry and botany, and the recognition of the various species of plants and trees.

Particular attention is given to the study of animal husbandry and in general to the care to be given to animal and to stock breeding.

The utilization of animals products such as milk, as well as the poultry yard are carefully studied. In sum, the students learn general farming, gardening and certain special branches such as hot house culture and tree culture. There are also the various plant diseases and how to combat them.

In order to be able to use agricultural machinery, the pupils are familiarized with mechanics and electricity as applied to agriculture.

The girls turn their attention to stock and poultry care and the dairy. But they are not excluded from other agricultural work, for the wife of a farmer is often obliged to help and sometimes to replace her husband. Naturally, the girls also are trained in the care of the household.

a) *The Farming Schools:*

The year 1945 was also marked by the reorganization of our agricultural service.

Although work was never completely abandoned on our farms they had been divested by 1944 both of their Jewish students and of their Jewish staffs. Accordingly, after the liberation, everything had to be put in order to receive new pupils. The task was far from easy, especially pertaining to the living quarters, for there was the greatest difficulty in replacing equipment such as beds, kitchen utensils, etc.

We made arrangements with different youth organizations who sent us young people anxious to study agriculture. Thus at La Roche, we took the young people from the Hehaloutz, at Aux Angiroux those from the Bahad, and at Cambes de Pujols, those from the Jewish Boy Scouts.

An incredible drought having devastated the South West of France for three years, our lands suffered disastrous effects. The streams and wells dried up and the carrying on of work in the fields and gardens

proved more and more difficult. Our harvests for the year just passed were also very poor. Our directors and staff made the most intense efforts to keep down to the minimum the damage done by the drought and storm which were particularly violent in the region where our estate "Aux Angiroux" is situated.

The La Roche Farm:

In April 1945, ten boys and girls from Hehaloutz arrived at La Roche. This number increased until at the end of the year there were 20.

The Haloutsim took care themselves of their food and living arrangements. The greatest part of the young people took a great interest in both the practical and theoretical work. Those among them who emigrated to Palestine have written that the apprenticeship passed at La Roche was of very great value to them and considerably facilitated their establishment as farmers.

The Cambes-de-Pujols Farm:

Beginning in April 1945, a group of Jewish Boy Scouts, at first consisting of four and later of fifteen passed an apprenticeship at Cambes.

But this first group did not spend a long time there. Towards the end of the year, it was replaced by a group of 13 boys and girls of the Bahad who accomplished all their tasks with great zeal.

Aux Angiroux Farm:

In the beginning of August 1945, a group of 8 members of the Bahad arrived at Angiroux. The number soon was increased to 18 which represents the maximum number which can be accepted in this farm. These young people demonstrated a great interest in their agricultural apprenticeship.

This estate suffered first from the drought and later from a particularly violent hail storm. Due to this, about 400 fruit trees and about 12½ acres of grape vines were damaged.

b) *Training in Gardening:*

Centres in gardening were organized in 1945 in connection with the Homes for Children established in the region of Paris by various organizations dealing with Jewish youth. The first at Boulogne at a children's home of the O.P.E.J., the second at another children's home of the O.P.E.J. at La Malmaison, and a third at the children's home at Montreuil of the U.J.R.E.

These courses were planned to start children from 8 to 14 in horticultural work and to give them in general the taste for manual labor. These children do various tasks in connection with gardening. Each child has a separate piece of land which he takes care of under gardening supervisors. A part of the garden is set aside for work in common. The gardening supervisors pay particular attention to seeing that the children handle their tools properly and that no one is hurt in the course of the work.

A total of 100 pupils have attended our courses.

In November 1945, the O.P.E.J. left the house at Boulogne where the Maimonides School has again been installed. However, according to the terms of the agreement reached with the director of this high school, we have continued our courses in gardening there which were regularly attended by 45 pupils between the ages of 11 and 16.

2) *Agricultural Credits:*

The settlers who stayed on the land or those returned to their farms have asked for credits for the purchase of livestock or for making improvements. We had to examine these requests for credit and the Agricultural Service had to make technical examinations on the spot.

Our agricultural experts have thus visited the settlers of Lot et Garonne, where out of 30 settlers placed in 1933, only six were left, the others having been deported.

The agricultural credits accorded in the course of the year 1945 amounted to 225,000 francs.

THE EXHIBITION OF THE ORT SCHOOLS:

At the end of the school year, the first year after the liberation, an exhibition of various articles made by the students and apprentices of the ORT took place at the school in the rue des Saules. The main object of the Exhibition was to make known the methods and to stress the importance of modern vocational training. It was thus possible to realize what a high standard has been reached in all the ORT courses and in the quality of training acquired by those attending them. These successful methods of training are due to the long experience of the ORT in the field of professional teaching.

The Exhibition included examples of fitting, turning, millinery and dressmaking, the fine execution of which were recognized by the large public which attended.

The attention of the visitors was especially attracted to the work

executed in the workshops of apprenticeship for the wives of deportees. The stand of flowers and vegetables, the products of the gardening courses, were a similar success.

In the beginning of 1946, the ORT also took part in the Exhibition of the C.A.D.I. and its stand excited the interest of all the visitors.

THE ACTIVITIES OF THE ORT IN ITS VARIOUS CENTERS:

PARIS:

Although its activity was very much reduced under the occupation, our Paris Center nevertheless continued to function under the ever present menace of the Gestapo. Those of our workers who were deported were replaced and the work continued notwithstanding.

On the 31st of December 1945, we had in Paris the following institutions:

School of Mechanics for Boys:

This has 3 sections: 1) Precision fitting; 2) Turning—milling; 3) Sewing machine mechanics. The first year is attended by all the students; in the second, the students choose one of the specialties.

Radio School for boys:

The object of this school is to train radio-technicians capable of becoming artisans and skilled workers in this branch. The large number of applicants for this course permitted us to make a selection with the result that the average of our students is very high.

School of High Fashion Dressmaking and Cutting for girls:

The object of this school is to train qualified workers for high fashion dressmaking.

These three schools are open to young people from 14 to 16 years who have grammar school diploma or an equivalent education and show an aptitude for the work. The work is both theoretical and practical. An important place is given to general education. The pupils study French literature, history, bookkeeping, legislation, industrial and social hygiene. Time is also given to physical culture, swimming and open air sports.

At the end of the 3-year course, the pupils of the schools of Mechanics and Dressmaking take the examinations for the Certificate

of Professional Aptitudes; while those of the Radio school have a grade of training higher than that required for the C.A.P.

Courses for Adults:

a) Courses for men:

- 1) Course in Electrical Installation
Length of course—6 months;
- 2) Course in Welding
Length of course—4 months;
- 3) Course in Radio-technical work
Length of course—1 year;
- 4) Course in Tailoring
Length of course—1 year.

b) Courses for women:

- 1) Course in Dressmaking and Cutting for wives of deportees
Length of course—6 months;
- 2) Course in High Fashion Dressmaking
Length of course—15 months;
- 3) Course in Millinery
Length of course—6 months.

c) Advanced evening courses:

Course in cutting for men tailors

Length of course—3 months.

This course is intended for professional tailors who have had at least 3 years actual experience.

d) Complementary course for Apprentices:

Radio Course

This course is intended for apprentices placed by our Service of Apprenticeship in professional workshops to perfect their training.

The Service of Vocational Apprenticeship has placed 346 apprentices. In the early months of 1946 new courses were organized in Paris, e. g.

- a course in corsetry;
- a course in leather work;
- an advanced course in cutting for women tailors;

- an evening complementary course in leather work for apprentices;
- an evening school for general education of apprentices where French, arithmetic, geometry, and drawing are taught.

Workshops for rapid apprenticeship:

More recently a workshop for rapid apprenticeship in lingerie has been opened for deportees.

The Jewish inter-Union Committee of the C.G.T. as well as other Jewish organizations, especially the COJASOR, have added their support to this course.

MARSEILLES:

The Marseilles Center of Vocational Apprenticeship began its courses on February 1, 1945. The Jewish population of Marseilles being stable, the number of requests for admission is constantly increasing and requires a considerable extension of our work.

The space available to our centers proved entirely insufficient, and it is absolutely necessary to find a much larger place.

At the end of the year, we had:

- a course in Dressmaking and Cutting attended by 27 pupils;
- a course in Electrical Installation also attended by 27 pupils.

The Center where these courses are given cannot accept more than 54 pupils at the maximum.

In addition, we have entered 13 pupils in courses in Stenography and Typewriting, Dressmaking, Dental Prothesis, etc.

Our Service of Vocational Apprenticeship has placed 61 apprentices.

LYONS:

The Lyons center having been destroyed in the course of a bombardment, we were unable to engage in any great activity until a suitable building was found.

During the summer of 1945, our center was installed in a large building with the most modern equipment.

The representatives of the Ministry of Labor and of various organizations of the city of Lyons have visited this center of vocational training, and have praised its perfect equipment and the way it functioned.

At the end of 1945, 120 pupils attended the following courses:

- Radio-technics; Locksmithing; Leather Work; Ladies' Hairdressing; Dressmaking and Cutting.

In addition, the Service of Vocational Apprenticeship placed 49 apprentices in various trades.

At the beginning of 1946, a course in Electrical Installation was opened.

Recently, we opened a canteen in our school.

NICE:

During the war, the Nice center developed a great activity in the field of Technical training. Our premises are very large and light. The greater part of the 83 pupils are adults who attend the following courses: Ladies' Hairdressing; Cosmetic Chemistry; Dressmaking and Cutting; Beauty Culture.

All the pupils finishing their courses have found employment in their new trades.

The Employment Service made great efforts and during the year 1945 obtained 330 positions.

Towards the end of 1945, we were called upon to extend our activities, as a large number of people, who had worked for the American authorities, were thrown out of employment after the withdrawal of the Military forces and applied to the ORT to learn a trade.

New courses were organized, notably: Weaving; Advertising Art; Photography.

A course in Clockmaking and Repairing is in active preparation.

GRENOBLE:

At the end of 1945, four courses, attended by 65 pupils were being given in Grenoble: Electrical Installation; Dressmaking and Cutting; Cutting for Tailors; Beauty Culture.

In addition, 59 apprentices were placed in various workshops.

At the beginning of this year, two new courses were opened: Shoe Repairing; Cutting for Dressmakers.

This center has also engaged in a great extra-curricular activity. Meetings organized each week by the Grenoble Center were attended by large numbers of boys and girls. In the course of these evenings, which were educational and at the same time recreational, subjects of great interest to the future Jewish workers were discussed.

AIX-LES-BAINS:

As a result of the war, Aix-Les-Bains has become a small center of Jewish refugees.

The Jewish Community which remained there after the liberation frequently asked the ORT to organize a Center of Vocational Training.

First a course in Dressmaking was organized which was attended by 10 pupils. During the first months of 1946, another course in Dressmaking and Cutting for deportees and a course of manual training in cardboard work for children were organized.

CESSIEU:

We opened our first courses in manual training for children in the children's Homes of the O.P.E.J. These courses were attended by 30 pupils aged 12-16. Those from 12-14, learned cardboard work, the older ones, bookbinding.

The idea of starting children off at an early age in manual work has proved excellent and has encouraged us to open such courses at other places, notably at Aix-Les-Bains.

LIMOGES:

The Training School for boys at Limoges was organized in 1940 for the numerous refugees from Alsace Lorraine who were crowded into the region at the beginning of the war. Although the majority of the refugees have returned to their homes, our school has been able to continue two sections, viz: a section of Fitting; and a section of Radio-Technics.

The 38 pupils were mainly from the children's homes of the OSE.

MOISSAC:

At the request of the Jewish Boy Scouts of France, the ORT organized a carpentry workshop at the Centre Daniel et Maurice Fleg at Moissac, and has continued to give it material and technical support. At the end of 1945, this workshop was attended by 23 pupils.

TOULOUSE:

The Toulouse Center was opened immediately after the Liberation and made great efforts to place many young people in trade and industrial workshops. In this way, 102 apprentices were placed by our Service of Vocational Apprenticeship.

The only course functioning in 1945 was that of Dressmaking and Cutting.

Other courses for men have been planned and, in fact, a course in Typewriter-Repairing was opened early in 1946.

L'ISLE ADAM:

We have organized in connection with a Home for deportees of the Bahad, a course in Dressmaking and Cutting attended by 12 women. This workshop is directed by a dressmaker, a former pupil of the ORT.

HENONVILLE: (Oise)

In April 1946, we organized a center of Vocational Apprenticeship at the home for deportees run by the Vaad Hatsala. We installed there, courses in Carpentry, House-Painting and Dressmaking, as well as one in Gardening, attended by a total of 65 pupils.

BENEFICIARIES OF THE ORT

from January 1, 1945 to May 15, 1946.

Number of pupils attending our schools from the beginning of the year 1945	1861
Number of apprentices placed	1150
Beneficiaries of the Employment Service	1107
Beneficiaries of the Rehabilitation Service (counting an average of 3 members per family of artisans).....	3000
Total.....	7118

THE CRISIS IN ECONOMIC THEORY AND THE THEORY OF ECONOMIC CRISES

LOUIS B. BOUDIN

IT HAS been said that happy countries have no history. The reason is obvious: Only disturbing events are recorded in history, and disturbing events, no matter what their character, do not make for happiness. Similarly it may be said that economists are happiest when their science is not making any history—for “making history” in this sense usually denotes a crisis. That we are in the middle of such a crisis is evidenced by the avalanche of books on economics that the printing presses have been pouring forth recently. A reference to the few specimens of recent books on economics reviewed elsewhere in this issue indicates that the concern of economists today is not this or that particular problem, but that economic theory as a whole is being overhauled. This is indicated by the very titles of the books: *The Theory of Economic Progress*, *Economic Stagnation or Progress*, *Full Production Without War*, *Beyond Supply and Demand: A Reappraisal of Institutional Economics*. And a glance at the contents of the books shows that the attempt to overhaul economic theory is proceeding in the midst of the greatest confusion. In fact, confusion is the keynote of the situation. So the authors of *Economic Stagnation or Progress* tell us in their preface:

This book is the result of several conversations among a few businessmen and economists. These businessmen, who were conversant with current economic theory and indeed somewhat expert in various aspects, found great difficulty in reconciling what they understood to be “modern” economic thought with their own intimate knowledge of the economic process of production and pricing and the potentialities for economic progress. *They, like many of us, were in search of the key to national prosperity. . . . In short, these businessmen were confused.*

Businessmen might well be confused by the extraordinary situation presented by the present state of economic theory. For it is the first time in the history of economics that economic theory was anything but a deduction from economic experience. It is also the first time in the history of economics that the assurance of economic progress has been questioned by economists. But that is exactly what the reigning economic theory—the so-called Keynes-Hansen school, does. No wonder businessmen are perplexed. And no wonder that they are looking around for economic theorists who will offer them consolation by dis-

proving the correctness of the Keynes-Hansen economic theory. But the Keynes-Hansen economic theory was itself the child of a crisis—the Great Depression of the 1930's which was only interrupted by the greatest of all World Wars. And it was the depth of that crisis, both in economic life and in economic theory, that has made it possible for the Keynes-Hansen school to achieve its present position of eminence, notwithstanding its unorthodox character.

In order to understand the meaning of the present crisis in economic theory and be in a position to evaluate the merits and demerits of the theories propounded by the Keynes-Hansen school, we must therefore go back to the state of our science during the earlier crisis which gave rise to the new one. It so happens that in 1936, the year when Keynes' *The General Theory of Employment, Interest and Money* appeared, I prepared a manuscript on the condition of our science as I then saw it, and I publish it herewith in the belief that it is a fitting introduction and will prove a useful aid to any discussion of current economic problems as well as in the evaluation of the reigning economic theory.

Crises and the Attempts to Explain Them.

It has often been remarked by historians of the subject that the Classical Theory of Economics had no theory of crises, in fact hardly took any note of them—which is in striking contrast to the voluminous literature of the subject with which we are confronted today. This is rather strange for so rounded a theory as that of Classical Economics, and must seem particularly so at this time, when it must be evident to every thoughtful person that a theory of crises lies at the very center of any theory which seeks to explain the workings of our economic order. Surely, no economic theory could claim to be the science of economics, which the Classical Theory claimed to be, without taking note of crises—no more than a science of health could claim to be such without taking note of disease and an attempt to explain its causes. Yet such was the science expounded by Smith and Ricardo and their followers of the Classical School.

Another curious aspect of the history of the theory of crises, which is indeed merely the reverse side of the one already noted, is the fact that the first writers to take note of the phenomenon were not those who attempted to explain the workings of the present economic system but its critics. This is particularly puzzling because the phenomenon of crises is as old as political economy itself, which means that it is older

than the Classical School. According to some writers, the history of crises in England dates back to the year 1640. And while it may be questioned whether the earlier crises described by these historians were either as important or of the same character as the phenomena which followed the close of the Napoleonic Wars, there is no doubt that disturbances of trade had occurred prior to the publication of the *Wealth of Nations* in 1776, and that very serious disturbances occurred between that date and the publication of Ricardo's famous *Principles*. Nevertheless, neither of these writers gave the phenomenon any serious attention, and the subject has never been adequately treated by any writer of the Classical School. As Professor Wesley C. Mitchell says in his *Business Cycles: The Problem and its Setting*.

Serious efforts to explain business crises and depressions began amid the violent fluctuations in trade which followed the Napoleonic Wars. . . . It was not the orthodox economists, however, who gave the problem of crises and depressions its place in economics, but sceptics who had profited by and then reacted against their teachings. From Adam Smith to Mill, and even to Alfred Marshall, the classical masters have paid but incidental attention to the rhythmic oscillations of trade in their systematic treatises. They have been concerned primarily to elucidate principles which hold "in the long run," or apply to the "normal state." To them crises and depressions have been of secondary interest—proper subjects for special study or occasional reference, but not among the central problems of economic theory. To force into prominence the fact that economic activities are subject to recurring phases of contraction and expansion was the work primarily of men of modern society—men such as Sismondi and Rodbertus.

Strange indeed. But not so strange if one considers carefully the Classical Theory of Economics. In fact, when that theory is really understood, it *does* contain a theory of crises. As already stated, a theory of crises is the very heart of any system of economic theory. Any real system of economic theory must, therefore, of necessity, contain a theory of crises, irrespective of whether or not this theory is formally set forth, and even irrespective of whether or not the holder of the theory is aware of it. A theory of crises is always *implicit* in every system of economics where it is not explicitly set forth. And the Classical Theory of Economics is no exception. The Classical School treated the subject of crises "incidentally," because it presented no serious *problem*, and the answer to the problem, such as it was, was implicit throughout the discussion of the theory of *normal* trade.

The central point of the Classical Theory around which everything else revolved, and of which all the elaborate discussions of the different

problems were mere applications and elucidations, was that the capitalist system which the Classical Theory undertook to describe and explain was a self-executing system of natural laws, containing within itself a set of automatic checks and balances, akin to those of the physical world, which keep it going normally. In this respect it was very much like a "nature-cure" system of medicine. A real "nature-cure" system of medicine would not worry too much over the problem of disease—since nature provided a cure for every disease and would apply it whether or not man gave it any attention. In fact, man's meddling might only interfere with nature's own cure *naturally* applied. Similarly, crises could neither be a very serious problem nor require any great attention from the economists of the Classical School. Indeed, the very conception of a Problem of Crises was utterly foreign to the thinkers of that school—so utterly foreign as to be in complete contradiction to the major premise of their system of beliefs. *Crises were*, in fact, *impossible* in the capitalist system. Disturbances there might be. But they could never develop into serious crises, threatening or affecting either seriously or permanently the entire system, because the natural or normal workings of the system itself provided the cure. The phenomenon was not unknown and was therefore sometimes referred to. It was worth explaining, like any other detail of the system, and therefore deserved incidental attention. But it was no *Problem* to worry over, and therefore did not require any *serious* attention or careful theoretical treatment.

The only persons to whom crises presented a serious problem were those who did not accept, or did not accept entirely, the explanation of our economic system presented by the Classical School. Indeed, the broaching of the subject of crises was in itself proof or a symptom of such non-acceptance. That is why the treatment of crises dates from Sismondi rather than from Adam Smith or David Ricardo. Hence, also, the persistent recurring reference to the subject among the critics of the present social order and its almost studious avoidance by its upholders all the way down to Alfred Marshall.

All of this has changed now. The discussion of crises is no longer the special province of the critics of the present order. Indeed, the voice of the critics is frequently ignored and almost always drowned in the noisy clamor of the voices of the upholders of the present order who keep the discussion alive and have let loose a flood of writing so vast as to make it almost impossible of mastery. Long before the present depression—which has let loose a flood of books, pamphlets, and articles on the subject from journalistic would-be economists—the

professors of economics themselves created a body of literature to fill libraries, and a variety of theories to require elaborate histories of the development of this special body of theory. Professor Mitchell devotes three long pages to the classification of current theories alone, and it would probably require more than one heavy tome to give a complete bibliography of the subject, although serious and separate discussion of the subject is of comparatively recent origin.

This literary phenomenon is both interesting and significant. So vast a literature created in so short a time would be puzzling but for the fact that even a cursory review reveals the key to the puzzle: Unlike the biblical Tower of Babel the construction of which was *halted* by the confusion of tongues, the many and contradictory theories on the subject, the necessity for the building of this modern Tower of Babel became urgent when the Classical School of Political Economy broke down as an explanation of the capitalist system. This breakdown was due not to the "progress of the science," or "deeper insight" into the workings of our social system, as writers on the history of economic thought are fond of saying, but because of the unmerciful criticism of that School by the actual course of economic history.

And the principal point of that criticism was a forcing to the front of the problem of crises. During the century which elapsed between the close of the first industrial revolution in England with the Napoleonic Wars and the first "modern" crises, that of 1825, and the latest industrial revolution in America during the New Economic Era which followed the World War—and which was itself followed by the greatest industrial crisis the world has ever witnessed—the course of capitalist history was punctuated by crises which became more regular, more frequent, and more severe as time went on. It became apparent to all who would see, that the capitalist system did not contain within itself that automatic set of checks and balances, tending to equilibrium and assuring its normal functioning, which was the major premise of the Classical School of Political Economy. Minor disturbances became serious crises, and the light-hearted explanations of these disturbances given in the incidental and casual treatment of the subject by the Classical School were clearly insufficient to explain the phenomenon. More and more people came to doubt these explanations, and began wondering whether man-made remedies might not be necessary either as a substitute or as an aid to "nature's own cure."

Cure, there must, of course, be—unless you were ready to give up the entire social system. But what the cure should be, or what was the cause of the ailment which called for the cure, was apparently too

difficult a problem to master. Hence the numerous schools of economics which have taken the place of the Classical School, and the confusion of tongues in the literature of our particular subject. And the end is not yet. For the present depression has made confusion worse confounded—which is only natural when we remember that the original confusion was due to an inability to explain the much milder depressions which preceded the present one.

It goes without saying that it is impossible to give here even a most cursory history of the development of the theory of crises or of the various explanations contained in the "current theories" on the subject. But a brief resumé of both is necessary to an understanding of the present depression, both industrial and mental, from which we are suffering. And a good starting point for both is the Classical Theory, which was the point of departure of the first serious writer on the subject, Sismonde de Sismondi. But before discussing any of these theories it is interesting to note the change of nomenclature of the subject, as it is somewhat indicative of the trend of development in the theories themselves. David Ricardo, the greatest of classicists, in his *Principles* which appeared in 1817, speaks of *revulsions in trade*. John Stuart Mill, the last great exponent of the school, whose *Principles of Political Economy* first appeared in 1848, speaks of *commercial crises*. While Alfred Marshall, the last of the school worthy of note, whose main labors were during the 19th Century, but who still continued to write well into the 20th, may serve as a bridge between the two epochs. In a work which appeared in 1923, he speaks of "Fluctuations of Industry, Trade and Credit." Thus in the course of time, and within the Classical School itself, "revulsions" become "crises," and industry becomes associated with trade as the subject affected. At the same time "revulsions" and "crises," which presuppose a normal course interrupted by the phenomenon under consideration become "fluctuations" of the course itself—negating the idea of a normal course. This last is really an abandonment of the basic idea of the Classical Theory of Economics, and shows the low watermark of the Classical School—an admission that it is not the Science of Economics which it at one time claimed to be, and that the social system which it undertook to explain was not the Order of Nature that it was supposed to be. In this Marshall merely reflected the spirit of the times. In the 1920's bourgeois economics was no longer a science, nor did it pretend to be. In fact it was making a virtue of necessity by claiming that there is no Science of Economics, and affected to scoff at the naiveté of those who claimed that there was or that there ought to be such a science. This change of

nomenclature was, of course, forced by the actual course of economic events.

Sismondi's starting point, as already stated, was the Classical School of Political Economy, which he accepted, but of which he became somewhat critical in the course of time. Professor Mitchell says that Sismondi was "an excellent observer," though he is supposed to have lacked "analytic finesse." We shall see later how much modern economists have improved since Sismondi either in the depth or in the finesse of their analysis. At this point we are interested in his powers of observation. It must be admitted that he observed to some purpose—and what he observed apparently made him suspicious of the world envisioned by the Classical School. What he saw that thus disturbed him, he put in the following words:

I was deeply affected—says he—by the commercial crisis which Europe had experienced of late, but the cruel sufferings of the industrial workers which I had witnessed in Italy, Switzerland and France, and which all reports showed to have been at least as severe in England, in Germany and in Belgium.

This led him to inquire into the cause of crises—and the inquiry culminated in the criticism of the present social order which made him a precursor of modern Socialism. But his criticism was based on an acceptance of the explanation of the Classical School as to the *causes* of crises, although he apparently did not accept fully the assurance as to the automatism of the remedy furnished by nature for the evils which he saw, and he at least suspected that there might be other and contributory causes for these evils. The principal cause of crises, according to Sismondi—the cause which he took over from Classical Theory—is that of *maladjustment*, due to the fact that under our system producers could not possibly foretell the demands of the market. In its pristine purity this theory admits—indeed, requires—the possibility of maladjustment in two ways—either by *under-production* or *over-production* of some industries, or a combination of both by over-production in some and under-production in others. *It does not admit of general under-production or general over-production.*

But Sismondi believed that producers "nearly all *exceeded* the limit which they had in view," and that the *excess* production resulted in a crisis. The deviation is significant. What Sismondi saw was clearly *overproduction* and *general over-production*. He had his choice of either sticking to *the theory* which made general over-production impossible and ignoring the facts, or paying attention to the facts and ignoring the

theory. Being an "excellent observer," he could not help seeing the facts; and not having a better theory, he tried to square the facts with the accepted theory, ignoring the illogic of the operation. He may have been the first to do so in this particular field. He certainly was not the last: The history of the Theory of Crises is, with few notable exceptions, the history of the continuous repetition of this sort of mental operation. The only difference between Sismondi and those who followed him is that he did not shut his eyes to the facts of our economic system, and that his illogical operation in attempting to square them with accepted economic theory and continued support of the existing economic order made him uncomfortable. He therefore looked for other causes of crises, and wound up by becoming critical of the existing economic order.

Sismondi's personal history repeated itself in the case of others, notably in the case of Karl Rodbertus in the next generation, until it culminated in the entire rejection of both the Classical School of Economics and the present social order by Karl Marx.

In the meantime, elsewhere events took another course. The misery which Sismondi observed in 1818 was soon obscured—particularly in England—by the glories of the capitalist system in full bloom. The voice of the sufferers was drowned by the shouts of joy of the beneficiaries of that system riding from triumph to triumph; overcoming each new crisis—greater though it might be than the preceding one—by riding ever-higher waves of prosperity and scaling ever-greater heights of success. The solitary voices of the critics of the system drowned by the hosannahs intoned by the Men of Science to this miraculous development of the best of all possible worlds. Even John Stuart Mill, who at times wished for a better world, would make but casual and cursory reference to the subject of crises: *Whatever suffering crises might entail, clearly they were no fundamental problem, in the sense of a real threatening danger, to the capitalist world.*

But the crises were becoming ever greater. And what was worse, a certain part of the world whom the voices of the Men of Science could not reach were listening ever more attentively to the voice of the dissidents. And other things were happening which were troubling the conscience of men, while at the same time making the Science of the Classical School inadequate for an explanation of the world we live in. The Classical School collapsed. The problem of Crises became acute. Thus began the building of the Tower of Babel.

In order to be able to understand the work of the builders of this unsightly structure, which resembles more a formless heap than any

architectural design, we must understand the problem confronting them and the difficulties which they had to overcome. To do that, we must examine in some further detail the solution, or attempted solution, of the problem by Classical Political Economy. That can be done best by taking Sismondi as a starting point. The foundation of Sismondi's Theory of Crises was the supposed difficulty of multitudinous producers, each acting for himself and without consultation with the others to gauge correctly the "requirements of the market," and the resulting *maladjustment* of production. This condition has since come to be known, in Marxian terminology, as the "anarchy of production." But Sismondi was not satisfied to leave it at that—and we shall see further below that he was right in his dissatisfaction. At any rate, his dissatisfaction led him to the conclusion that out of this maladjustment there arose *general over-production*. This conclusion was the result not only of the fact that in and by itself, maladjustment was,—for reasons which will be discussed further below—insufficient to explain the phenomenon of crises, but very largely, perhaps principally, because crises do take the form of at least apparent over-production. All Sismondi had to do was to look at what was actually occurring about him during the crisis which disturbed his equanimity in order to see the heaps of unsold merchandise cluttering up the market place and clogging the wheels of the industrial system. Let us, therefore, analyze the two concepts of maladjustment and over-production, in order to see how they square with the body of Classical Economic Theory.

What does "maladjustment" mean, and why should it produce a crisis? At first glance nothing would seem simpler, or a better explanation of the phenomenon we are seeking to understand: There can be no doubt of the fact that our production is "anarchic," in that every producer works for himself with very little knowledge of what men similarly circumstanced are doing—at least that was the situation when Sismondi wrote, and was still largely the case when Marx wrote and when Classical Political Economy broke down. The only difficulty with this simple and apparently sufficient explanation is that it explains entirely too much. On this theory the capitalist system could never possibly work, at least not for any length of time. No truly "anarchic" system could work. *But the capitalist system did work.* Not only did it work for stretches of years at a time without interruption, but it always survived these interruptions and emerged stronger than ever before. No truly anarchic system could do that. The reason for its working was the central point of Classical Political Economy; *this seemingly "anarchic" system was, in fact, a very carefully designed and per-*

fectly adjusted mechanism with a "regulator" which kept it under perfect control.

That "regulator" was the Price System. Price was a sensitive regulator which stimulated production whenever it lagged behind and curbed it whenever there was danger of its running to excess. But if that were true, there could be no great disproportion in the production of various classes of goods. It is clear that mere errors of judgment on the part of individual producers in a given industry as to the requirements of the market would very largely cancel each other out so as not to produce any serious over or under-production. But even if we should assume that for some unaccountable reason the errors in any particular industry should all go one way, Price, as Regulator, would soon step in to check the error—for the lagging of production in any industry would immediately raise the prices of the products of that industry and therefore stimulate it again, and any excess of production would run up the danger signal of lowered price, which would cause the producers to draw in sail. That is how the capitalist system worked "normally." And there was no way of explaining why it should at any time deviate considerably from its normal course without undermining the basic assumptions of the entire theory of Classical Political Economy.

But there was an even more serious objection to maladjustment as an explanation of crises. Under the assumptions of Classical Political Economy maladjustment, even if it occurred, could not produce a crisis. The only result of such an occurrence would be that the producers engaged in the industry which had outrun the requirements of the market would lose money because they would be compelled to sell at a loss. But their loss would be the gain of those who had under-produced, who would now be selling at a higher price than they could obtain for their wares if there had been no maladjustment. One man's loss would be the other man's gain. That was the law of capitalism—it was capitalism working normally. And there was no way of explaining why capitalism should suddenly deviate from its normal course. And, what's more important—a deviation could not produce a *crisis*, which means that everybody loses money and therefore everybody stops producing. That was sheer nonsense under the basic assumptions of Classical Political Economy. That was, in fact, the reason why Classical Political Economy paid so little attention to the phenomenon of crises. *Crises were, in fact, impossible under capitalism.* That was the underlying thought of Classical Political Economy in the various "explanations" offered by that School whenever it deigned to pay attention to the phenomenon at all. But the phenomenon was there, all the same. And

as capitalism continued in its course, it became much more serious and much more regular, so that people *had* to sit up and take notice.

And in taking notice of the phenomenon they had to account for the circumstance of *regularity* which was forcing it upon their attention: Clearly, a regularly recurring phenomenon, even if the intervals of recurrence are not spaced evenly apart, cannot be explained by the fact that people did not take sufficient note of each other's actions—a purely negative circumstance. Clearly, such a phenomenon must have some positively operating factor which tends to bring it about. Besides, as time went on, the basis for the claim of lack of knowledge on the part of producers was being continually destroyed. As time went on, people came to know more and more about each other's economic doings. Among the other sciences developed by the capitalist system was the science of statistics, which was not in existence when Sismondi wrote but which had developed to a fairly high degree of efficiency some seventy-five years later, when the great crisis of 1893 occurred. It had, in fact, been fairly well developed for some time prior to that calamitous event—imparting to all concerned the knowledge which should have prevented the occurrence of crises. But that did not help the least bit: *Instead of crises becoming rarer and milder, with the diffusion of knowledge, they became at least more severe, if not more frequent.*

Also, by that time it became apparent that Sismondi was right when he refused to be satisfied with the explanation of simple maladjustment—that is to say, mere *disproportion* in production—and that instead emphasis must be placed on *over-production*. The over-production which Sismondi noted in the first crisis of the 19th Century became, as time went on, more pronounced in the crises that followed. It therefore became apparent that some explanation must be found why, instead of a mere “anarchy of production” in which under-production is as possible as over-production, there should be apparent uniformity of action in one direction, a tendency towards excess production. But that explanation could not be found in Classical Political Economy. According to that theory *over-production was utterly impossible.*

In order to understand why Classical Political Economy could not admit the possibility of over-production, we must analyze that concept a little further. It is clear that there never was in the history of the capitalist system an actual over-production of goods, in the sense that more goods were produced than the people could consume. *Over-production*, so-called, really means that more goods have been produced than people had money to pay for. That is the condition which has since come to be known as a deficiency of purchasing power. But

there were a number of reasons why such a deficiency would not fit into the system of Classical Political Economy—indeed, why such a deficiency could not be admitted by that school of political economy. To begin with, there is again the difficulty of *Price* as the *Regulator* of our industrial system. Clearly, if *Price* was the fine *Regulator* which Classical Political Economy assumed it to be—or, indeed, if it was any kind of a regulator, a continued excess of production, such as was necessary to create a “glut of the market” and a consequent *crisis*, would be impossible—for any tendency in that direction should be checked by a fall in prices long before the tendency developed to the stage necessary to produce a crisis. *But the curious thing about crises was that they were usually preceded by a rise in prices instead of a downward course.* Surely, it was a strange kind of *Regulator* which sent prices upwards when it should have sent them downward. And a strange economic system it must be which is “regulated” by that kind of *Regulator*.

Another objection to deficiency of purchasing power as an explanation of crises lay in the fact that *theory required that as production increased wages should rise*, and in this instance historic fact coincided with theoretical requirement and wages did indeed rise as production increased. Therefore, there apparently was immediately preceding a crisis more purchasing power rather than less. It is, of course, possible that the rise in wages did not keep up with the rise in prices of merchandise, but the only result, according to Classical Political Economy, should be that prices should come down a bit so as to get to the wage level, rather than fall precipitately and produce a crisis—aside from the difficulty of explaining why the prices of goods should have outrun the rise in wages to begin with. And in general, the precipitency of crises, like the *regularity* of their occurrence, was contrary to all the assumptions and assertions of Classical Political Economy.

But there is even a more basic objection to Deficiency of Purchasing Power as an explanation of the phenomenon of crises—such a deficiency, like over-production itself, *is utterly impossible according to Classical Political Economy.* *According to that theory, production is the creation of purchasing power.* Notwithstanding the money economy which the Classical Theory of Political Economy sought to explain, what actually happens in the market, according to that theory, is that goods are exchanged for goods. Goods are therefore synonymous with Purchasing Power, and the production of Goods is the production of Purchasing Power. To say that there is over-production of goods because there is a deficiency of purchasing power is, therefore, to say

something that is nonsensical by definition. This may sound strange to modern ears, but it is as basic to the Classical School of Political Economy as the existence of the sun is to the students of our Solar System. We shall meet again with these "impossibilities" of the Classical School of Political Economy. And I may add right here, to avoid misconception, that I do not believe these impossibilities are more absurd than a good many things that have been said by economists who do not belong to the Classical School. For the present, however, we are concerned with the Classical School and with the difficulties of squaring its basic assumptions with the facts of economic life. How basic was the assumption of the impossibility of a deficiency of purchasing power may be judged from the fact that at the end of the 19th Century one of the leading economic writers, and the foremost writer of his day on the subject of crises, affirmed that impossibility. Prof. Michael von Tugan-Baranowsky wrote as follows, in a book published in 1901:

The foregoing clearly demonstrates the very simple proposition . . . namely the proposition that *capitalist production creates its own market*. Once the increased productive powers of society permit production on a larger scale, the demand is of necessity correspondingly increased, provided the proper proportion is maintained among the different classes of goods produced, for under these conditions *every item of goods produced is in itself the creation of new purchasing power for the acquisition of other goods*.

(Tugan-Baranowsky, Commercial Crises in England.)

Such was the situation of our "science" when it became necessary for the economists to get off their high pedestals—sitting upon which they affected to ignore the existence of crises—and come down to earth to study its manifestations and attempt to give an explanation that would square with the facts. No wonder they were all bewildered and that some of them gave up entirely the Classical School of Political Economy. Their bewilderment is manifest in the flood of writing on the subject which we have had ever since. But giving up of the Classical Political Economy did not mend matters much as far as substituting a better theory was concerned. In fact, the tremendous effort put forth in the direction of solving the problem of crises merely led to the denial of the possibility of a theoretical or scientific explanation of the phenomenon. We shall have to discuss this result further below. At this point we must take a look at what happened in the course of the attempt at solution—take a look at the shape or shapelessness of our Tower of Babel. Prof. Wesley Clair Mitchell, writing sympathetically of the builders of the Tower, in the first chapter of his book says:

In a generation addicted to economic speculation, events which affected so many fortunes as did the vicissitudes of trade were certain to be explained in different ways. Sismondi was but the most suggestive among a numerous company of writers, most of whom had their own explanations to offer and their own remedies to urge. Nor did the differences of opinion grow less with the passing of time. On the contrary, as later crises brought new men and new materials into the discussion, the explanations multiplied. Gradually the plausible views became standardized into several types of theory, each represented in the growing literature by a number of variants. Before the end of the nineteenth century there had accumulated a body of observations and speculations sufficient to justify the writing of histories of the theories of crises. . . .

Finally, some economists, for example Wilhelm Roscher, *despaired of finding any theory which would account for all crises in the same way*. To these men a crisis is an "abnormal" event produced by some "disturbing cause," such as the introduction of revolutionary inventions, the development of new transportation lines, wars, the return of peace, tariff revisions, monetary changes, crop failures, changes in fashion, and the like. This view assumes that the equilibrium of economic processes has become so delicate that it may be upset by untoward conjunctures of the most dissimilar kinds, and points to the conclusion that each crisis has its own special cause which must be sought among *the events of the preceding year or two*. . . .

Recent writers upon business cycles differ from one another less in principle than in emphasis. Everyone who studies the problem with care must realize that many processes are involved in the alternations of prosperity and depression. But each investigator decides for himself the question: What among these many processes is the prime mover in producing cyclical oscillations, and what processes merely adapt themselves as best may be to changes produced elsewhere? Each gives chief attention to the one or more factors which he believes to play the chief causal role; but many writers also show how the changes produced by their chosen causes affect other processes, and in so doing they are likely to find use for the work of men whose distribution of emphasis differs from their own.

Among the factors to which the leading role in causing business cycles has been assigned by competent inquirers within the past decade are the weather, the uncertainty which beclouds all plans that stretch into the future, the emotional aberrations to which business decisions are subject, the innovations characteristic of modern society, the "progressive" character of our age, the magnitude of savings, the construction of industrial equipment, "generalized over-production," the operations of banks, the flow of money incomes, and the conduct of business for profits. Each of these explanations merits attention from those who seek to understand business cycles; for each should throw light upon some feature or aspect of these complex phenomena.

(Mitchell, Business Cycles.)

In other words, we have happily arrived at a point where there is really no theory at all—the subject has become a free-for-all, where every

theorist is sure of only one thing and that is that all the other theorists are wrong. Under the circumstances, "judicious" scientists—like Prof. Mitchell, for instance,—prefer not to engage in the fight for theory at all, observe them all, note their idiosyncrasies, and do the best one can in this worst of all possible sciences, namely, reduce the scientist to a neutral observer and "impartial" reporter of his observations, for such use as anyone chooses to make of them. Prof. Mitchell, therefore, proceeds as follows:

We need not, however, review the full analysis of the writers by whose ideas we seek to profit. That would be the task of a treatise upon theories of business cycles. This book deals with cycles themselves, and to it the theories are tools to be used in constructive work. The following pages, therefore, aim merely to borrow from the recent books and articles upon business cycles those suggestions which promise to enlarge our understanding of the problem as a whole.

The "promising suggestions" of current theory are grouped by him under ten headings as follows: (1) The Weather; (2) Uncertainty; (3) The Emotional Factor in Business Decisions; (4) Innovations, Promotion, Progress; (5) The Processes of Saving and Investing; (6) Construction Work; (7) Generalized Over-Production; (8) Banking Operations; (9) Production and the Flow of Money Incomes; and (10) The Role Played by Profit-Making. Without attempting to examine any of these theories at this point, it is sufficient to say that they range all the way from the opinion advanced by Prof. Vogel of Vienna University, in whose eyes "*crises are accidents* which are bound to happen every now and then," through Prof. Jevens' famous theory that crises are due to sun spots, to the carefully reasoned theory of Prof. Tugan-Baranowsky that crises are due to a maladjustment or disproportion in the production of consumption goods as against means of production. A few general observations on the state of our science are, however, in order here. But before making our own observations, we would like to quote two observations made by Prof. Mitchell. The catalogue of the current theories, which takes up some thirty-five good-sized pages, ends with the following footnote:

The humorous reader is invited to observe at this point what care has been taken to economize his effort. In place of ten types of theories in some twenty variant forms, twice or five times that number might have been put forward as having claims on his attention. A look at the table of contents in von Bergman's *Geschichte der Nationalökonomischen Krisentheorien* (Stuttgart, 1895), or at the catalogue of any large library of books on economics will

show how much literature has been omitted. The list of theories reviewed above is a most exclusive list, admitting only (with one diverting exception) those explanations which can show the best of credentials.

After thus reviewing and summarizing current theory, Prof. Mitchell begins the next section of his book with the following sentences:

We began the preceding survey of current theories to find what economic activities are involved in business cycles, and to get working hypotheses for use in a fresh attack upon the problem. It may seem that we have been too successful: we have found so many processes involved and have collected so many explanations that the materials threaten to be confusing rather than illuminating.

Having come to the disheartening conclusion that "the materials threaten to be confusing rather than illuminating," Prof. Mitchell settles down to the role of observer and reporter, resolutely refusing to construct any theory. We shall see further below how much reliance we can place on Prof. Mitchell's avowed refusal to construct any theory. For the present, let us look for a moment at the various theories which he catalogued in order to find out whether there is any observable trend in the discussion, even if there be no coherence in it. As a matter of fact there is an observable trend, and here are some of its characteristics: One is a decided tendency to deny the existence of any scientific explanation of the phenomenon of crises, except among those writers who either still cling or hark back to the Classical School of Political Economy. The second is the tendency towards a growth of "psychological" explanation: A crisis either *is* a state of mind or is *caused* by a state of mind. We may also venture the guess that with all the scientific jargon and apparatus used by these academicians, their explanations were no more sound nor any more scientific than was Mr. Hoover's. Dr. Johnson's famous statement that patriotism is the last refuge of every scoundrel may be brought up to date to read somewhat as follows: Psychology is the last refuge of every would-be scientist who can find no real explanation for the phenomenon which he attempts to explain.

Another tendency observable in the later writers, a result of the one just discussed—that is of the inability to find a real explanation—is that for some apparently unaccountable reason most of the writers on the subject start their explanation of the modern disease of our economic system from the condition of disease, as if that were the normal state, instead of from a condition of health. Their analysis does

not commence with the condition of a normally functioning system and then proceed to explain the crisis on the basis of this functioning. Instead, they commence with a state of crisis or depression, proceeding to state how the system overcomes this initial stage and proceeds from a condition of crisis to a condition of prosperity. A reading of these explanations almost leads one to believe that "prosperity" is abnormal, that it is the phenomenon to be explained, and that it can be explained by the fact that it is really itself a diseased condition which naturally leads to a collapse of the organism. But we need not take this too seriously, however. As a matter of fact, this is merely a dodge in order not to have to explain the real phenomenon which requires explanation. These writers do not believe that the normal condition of our system is diseased. On the contrary, most of them believe in the Harding-Coolidge-Hoover Normalcy.

This brings us to the last characteristic of the "modern trend" to which we want to call attention here, and that is the substitution of the so-called Business Cycle as the phenomenon to be studied rather than crises. The substitution of the "Business Cycle" for crises as the subject has an enormous tactical advantage. Prosperity, or even fair trade, having ceased to be a normal condition of our economic order—there being no *normal* condition, the whole thing being a cycle—you can start your analysis from any point you find most convenient without being charged with illogic, and that helps a lot when the explanation is particularly deficient in logic. But it has a much more important advantage—to be exact, a double advantage; A deviation from normalcy has to be explained, but a cycle need not, it is just there, a datum to be observed rather than to be explained, like the lunar cycle, for instance, or the cycle of the seasons. Also the "Business Cycle" insures the continuance of our system, so that one does not have to worry about the problem of crises any longer: "*If winter comes, can spring be far behind?*"

This brings us back to Prof. Mitchell. I have said that Prof. Mitchell has given up theory and has assumed the role of mere observer and reporter. In saying so, I have merely reported Prof. Mitchell's own assurance. He must not be taken at his word, however. As I have already stated, "no theory" is frequently in itself a theory. That is exactly the case of Prof. Mitchell, whether he knows it or not. What Prof. Mitchell really means is that he cannot give any explanation for the phenomenon of crises in scientific terms, that is to say, in the terms of *cause and effect*. But he has a theory of crises which is implicit in his *description* of the phenomenon "Business Cycles," and it frequently

crops up in his comments. That theory is that *there is no such thing as Crises*. There is a Business Cycle which keeps on rolling, giving us economic *seasons*, four in number, like the cycle of the earth around the sun, and probably as sure to last forever as that cycle. The description of the Business Cycle therefore, *is at the same time* a solution of the problem of crises, by affirming that it is really no more a problem than the coming of snow in winter. We have abolished the science of economics which the Classical School of Political Economy has offered us, but we are not worse for the loss: Our economic world is just as much a natural (i.e. automatic) phenomenon as the Classical Economists ever conceived it to be. Like them, we can afford not to worry about the problem of crises—although like good little statistical scientists we ought to observe it carefully and report honestly our observations. Our Business Economy is not only a cycle like the Solar System, it partakes from organic as well as inorganic matter, there is breath of life in it. Therefore, the Business Cycle is really a "*rhythmical process*." Like the circulation of the blood, for instance. The *pulsation of life*, in short.

Prof. Mitchell, for reasons which will appear later, has not developed his theory of the rhythmical life of the capitalist economic system. But there are illuminating remarks on its nature throughout his book, both in giving vent to his occasional expression of opinion and in his comment on other writers' theories. So, for instance, in the very beginning of his book, in discussing "the Discovery of the Problem" he says, in the paragraph quoted at the beginning of this discussion, that "the classical masters have paid but incidental attention to the *rhythmical oscillations* of trade." This very brief reference to what the classical economists did not discuss contains in itself a suggested solution to the Problem, the discussion of which we are apparently only commencing. "Rhythmical oscillations of trade" is itself an affirmation of fact which betrays what the Germans would call a "*Weltanschauung*," a philosophy, which means the widest form of theory, a theory which embraces our entire economic system. Thus our "observer" *starts out with a theory*, even while pretending to merely observe and report without the bias of any theory.

I do not intend to find fault with the fact that Prof. Mitchell has a theory, but with the fact that he attempts to deny it and pretends that the observations which he is reporting in his work are discussed without regard to any theoretical assumptions. We must therefore start with the fact that Prof. Mitchell *has* a theory; and like all theories it colors his observations. He started out to observe rhythmical oscillations, and since one usually finds what he is looking for, he may be

expected to find them. He has not found them as yet, because he has not gone that far. His book is only the first half of his work, the half which treats of the problem and its setting. The solution is to come in a second volume, and that will be the proper time to discuss the *manner* of its finding. But we need not wait for that book in order to find the solution itself: It is right here at the top of page 4 of his first volume, stated in a most casual and unobtrusive manner, possibly unobserved by Prof. Mitchell himself. We need not, therefore, be surprised to find him saying on page 380 that "*'Crises,' then, is a poor term to use in describing one of the four phases of business cycles.*" There are no crises, in fact, but only "recessions." And, what is more important, *the transitions from prosperity to recession are growing constantly milder.* We may, therefore, with a light heart and cheerful temper sit down to observe the *rhythmic oscillations* of the Business Cycle—leaving it to the unscientific Marxists and such to play the foolish Cassandra by crying: "Crisis! Crisis!" when there is no crisis in sight any more.

Two quite distinct conceptions of business crises—says Prof. Mitchell—are current in recent books. Professor Aftalion, for example, defines the crisis as "the point of intersection . . . at which prosperity passes over into depression." Professor Bouniatian, to give a corresponding example of the second usage, applies the term "to an organic disturbance of economic life, bringing upon a large number of enterprises loss of fortune and income or complete economic ruin."

Which of these two conceptions of the crisis fits better in a discussion of business cycles is easy to decide. What concerns such a discussion is the recurrence of certain phases of business activity. The transition from prosperity to depression is one of the regularly recurring phases, whether it is marked by "an organic disturbance of economic life," in Bouniatian's phrase, or whether financial strain is conspicuous by its absence.

But while there is no doubt about the reality of these transitions, there is grave doubt whether the word crisis should be retained to describe them. For with that word there is associated in the public mind, as in the minds of writers like Bouniatian and Tugan-Baranowski, the idea of financial strain. When such strain is scarcely perceptible, it is confusing to call the transition a crisis. Close study of the annals show that transitions free from strain are frequent—*perhaps more frequent than violent transitions.* And there are cheering indications that *the preponderance of mild transitions is growing greater.*

The last sentence undoubtedly represents the consensus of opinion as of 1927 not only of the beneficiaries of the Coolidge prosperity but also of the best minds in the academic world engaged in the discussion

of economic subjects. These minds were soon to have a rude awakening. But it is hard to tell how many profited by it. That the number cannot be very great is clearly evident from the literature of the subject published since the Greatest of all Depressions has knocked out some of the complacency from the academic and financial worlds. The net effect seems to have been that the confusion which reigned before became even more confusing. The "materials" brought to light since the Great Crash of 1929 were certainly "confusing rather than illuminating," if we judge by the quality of the product put out since then by the "economists" whether lay or professional. One thing is certain, however: For the present at least, the theory of "rhythmic fluctuations" has been either abandoned or shelved. What will happen *if, as, and when* prosperity returns, it is hard to say, for anything may be expected of people who need a solution for a pressing problem, the only solution for which is their abdication.

One of the incidental victims of the Great Depression was Prof. Mitchell's second volume of *Business Cycles*. In the preface to the first volume, which is dated June 1st, 1927, Prof. Mitchell says that "A second volume on *The Rhythm of Business Activity* will follow as soon as I can finish it." At this writing, nearly ten years afterward, Prof. Mitchell's second volume has apparently not been "finished." Which is hardly surprising: Since the Great Crash of 1929 it was extremely difficult, if not quite impossible, to write a book on the rhythmic activity of the business cycle. Economists who, now-a-days, want to get somewhere, apparently must go back to a concept of crises and forget about the "Rhythm of Business Activity." So here we are: Confronted again by a real crisis, and only a babble of tongues to explain or account for it.

Ten years have elapsed since the above manuscript was composed, and nearly twenty years since the appearance of Professor Wesley Clair Mitchell's book on the business cycle. We are still waiting for the promised second volume of Professor Mitchell's book which was to describe the rhythmic pulsation of our economy; and there are few economists who would, in the present condition of our economy, be bold enough to affirm the theory of such a rhythmic pulsation. But there has been increasing searching of souls among economists during the past ten years—an attempt to reconstruct a new economic theory out of the debris of the old. The fountainhead of this theory was the late Lord Keynes; and its most prominent American representative is Professor Alvin H. Hansen.

As is usual in such cases, the new theory swings in the opposite direction from that of its immediate predecessor. Where Professor Mitchell and his coadjutors were attempting to build an economic theory on the premise that the oscillations of economic life are becoming ever narrower and the course of business ever smoother, the Keynes-Hansen theory proceeds upon the premise that both Boom and Depression have a natural tendency to run into infinity and must, therefore, be checked by some mode of governmental interference. How much this new theory is an improvement upon that which it seeks to supplant will be the subject of a later study.

THE NEW ICE AGE: THE NATURAL HISTORY OF A JEWISH TERRORIST

LEO B. FELD

Thieves in the Night, by Arthur Koestler. New York: The Macmillan Company. 1946. Pp. 357. \$2.75.

I

ARTHUR KOESTLER—OUR STORMY PETREL

Mr. Arthur Koestler is in a fair way of becoming the stormy petrel of postwar literature. When great literary talent is joined to deep disillusionment, the result is apt to be disturbing at any time. It must be particularly so in our much disturbed and easily excitable age. It is therefore small wonder that Mr. Koestler's *Darkness at Noon* should have created a stir even while we were preoccupied with the stirring events of the war period. And it is to be expected that his latest book will stir up at least as much debate as did the earlier one. Perhaps even more. For the earlier book was so much weighted on one side that it could be ignored by the other side. In the present book, on the other hand, Mr. Koestler managed to accomplish the remarkable feat of presenting a balanced and well-rounded picture of the Palestine problem, while at the same time leading up to what seems to be the one inevitable solution,—terroristic action. Perhaps "solution" is not the correct term to use in this connection; since, as we shall see later, Mr. Koestler nowhere claims to have presented a solution; and the picture presented is merely the natural history of the problem leading up to its present stage, the attempt to solve it by force of arms.

This will lead to an inevitable comparison of *Thieves in the Night* with *Darkness At Noon*; and to discussions among literary critics as to whether the present work is an advance or a decline in Mr. Koestler's literary stature. We may safely leave the latter question to the judgment of history. As to the former, it will suffice to say here that *Thieves in the Night* does not have the monolithic structure and emotional interest of *Darkness At Noon*. Mr. Koestler was apparently so shaken emotionally by his disillusionment in his own ideal of the Russian revolution that his basic intellectualism barely sufficed to reject the common explanation of the "Moscow trials" of crude falsification and the attempt to present a psychological explanation of real confessions. The question of a Jewish State, on the other hand, does not, apparently, involve his basic emotions, and he therefore constantly sees both sides of every ques-

tion. The pale cast of thought pervades the entire book.

At one point in the book, Bauman, who, as one of the leaders of Haganah helped to build Ezra's Tower but later split Haganah and became the leader of Irgun, says to Joseph, who is the author's mouth-piece,

To see both sides is a luxury we can no longer afford. We are moving into a political ice age. We have to build our Eskimo huts and national fires, or perish.

But while Joseph ultimately accepts the logic of the Ice Age, his emotions are clearly not engaged.

At another point in the book, Joseph says—

They were all silent for a second or two, but my anger didn't subside. Oh, what a relief it was to forsake objectivity and close my eyes to their point, to all the "buts" and "ifs" which I see as well and better than they do. And letting myself go I carried them—at least for a minute.

Mr. Koestler never lets himself go in this book. At least not without being aware that he is letting himself go and forgetting the other man's point. This may detract from the emotional impact of the book, but it helps Mr. Koestler to present a true and faithful picture of the events, emotions, misunderstandings, even though in the Ice Age in which we are living there may be little hope that this understanding will help to a solution of the problem involved.

Mr. Koestler describes a party in the Arab village of Kfar Tabiyeh, at which were present the leaders of the British community in Jerusalem, as well as representatives of Ezra's Tower, the new Jewish Commune built on the Hill overlooking Kfar Tabiyeh with the aid of Haganah in defiance of the objections of the Arab villagers. The two groups did not mix. Their respective comments on this fact are thus reported by Mr. Koestler:

"Did you notice," said Cyril Watson to Lady Joyce, "how those boys from the Hebrew settlement behaved? They looked as if they were making dirty cracks all the time, and it never occurred to them to come over and talk to us." . . .

"Did you notice," Moshe said to Joseph as they were riding back, on horses borrowed from Gan Tamar, towards Ezra's Tower, "did you notice that not one of these English people said a word to Kaplan or to either of us?"

Mr. Koestler does not point to any way which would make the two

groups listen to each other. But even when they do, as happens on rare occasions, the result is far from satisfactory.

II

JEWS AND HEBREWS

The ability to see situations from different angles provides considerable intellectual entertainment. But Mr. Koestler is not out to amuse. "Nationalism is only amusing in other people," observes Joseph at one point, and Mr. Koestler's book deals primarily with Jewish nationalism. His ability to see both sides of any argument therefore tends to make him angry rather than amused; but most of the time he speaks in sorrow rather than in anger.

One of the aspects of modern Jewish nationalism which Mr. Koestler contemplates sorrowfully is the relation between "Jews" and "Hebrews". In his interview with Mr. Newton, the Assistant Chief Commissioner, Dick Matthews, the pro-Zionist American journalist, explains his conversions to Zionism by the fact that in Palestine he saw "Jews" being transformed into "Hebrews".

"The impartial observer referred to is doubtless yourself, Mr. Matthews?" he asked quietly.

"I guess I am," Matthews said. "I am not a Jew, and back home I disliked them as much as anybody else did."

"But you seem to have undergone a conversion."

"Yea. You can call it that if you like."

"Doubtless our persuasive Mr. Glickstein had a strong influence on you."

"Glickstein be damned. He's the same type as your Professor. They stink of ghetto."

"Then what made you change your mind in this rather-violent way, if I may ask without being unduly curious?"

"You may. I've seen their settlements. I've been down the Jordan Valley and up in Galilee and in the Jezreel Valley and in the Huleh swamps. Those are some guys. They're a new type. They've quit being Jews and become Hebrews."

But Joseph looks upon this change with misgiving:

And yet something inside myself, perhaps my innate scepticism, tells me that all this is too good to be true. The snag is not in the institution, but in the human quality of the new generation. I have watched them ever since they arrived—these stumpy, dumpy girls with their rather coarse features, big buttocks and heavy breasts, physically precocious, mentally retarded, over-ripe and immature at the same time; and these raw, arse-slapping youngsters, callow,

dumb and heavy, with their aggressive laughter and unmodulated voices, without traditions, manners, form, style. . . .

Their parents were the most cosmopolitan race of the earth—they are provincial and chauvinistic. Their parents were sensitive bundles of nerves with awkward bodies—their nerves are whip-cords and their bodies those of a horde of Hebrew Tarzans roaming in the hills of Galilee. Their parents were intense, intent, over-strung, over-spiced—they are tasteless, spiceless, unleavened and tough . . .

In other words, they have ceased to be Jews and become Hebrew peasants.

Mr. Koestler views the Hebrew peasants of the Communes with misgivings; but the Hebrew bourgeoisie of Tel Aviv arouses his positive aversion. Here is how he describes the change which has come over that city with the replacement of Jews by Hebrews:

However, life in Tel Aviv in those early days owed its peculiar character not to the people who had houses built, but to the workers who built them. The first Hebrew city was a pioneer city dominated by young workers of both sexes in their teens and twenties. The streets belonged to them; khaki shirts, shorts and dark sun-glasses were the fashionable wear, and ties, nicknamed "herrings", a rarity. In the evening, when the cool breeze from the sea relieved the white glare of the day, they walked arm in arm over the hot asphalt of the new avenues through whose chinks the yellow sand oozed up and which ended abruptly in the dunes. At night, they built bonfires and danced the horra on the beach, and at least once a week they dragged pompous Mayor Dizengoff or old Chief Rabbi Hertz out of their beds and took them down to the sea to dance with them. They were hard-working, sentimental and gay. They were carried by a wave of enthusiasm which had a crest and no trough. They were touchy only on one point, the Hebrew language. They fought a violent and victorious battle against the use in public of any other tongue; the slogan "Hebrews talk Hebrew" was everywhere—on buses, shops, restaurants, hoarding-posts; speakers from abroad who tried to address a meeting in Polish, German or Yiddish were howled down or beaten up. There were few cafés in those days but many workers' clubs; the cheap cafés sold meals on credit and got their supplies on credit; landlords let rooms on credit in their houses which were built on credit; and yet the town, instead of collapsing into the sand on which it was built, waxed and grew. . . .

—Ah, those were the good old times, the legendary days of ten years ago! As Joseph walked through the noisy crowd in Eliezer Ben Yehuda Street, of the two emotions battling in his chest revulsion got the upper hand. This cheap and lurid Levantine fair had ceased to be the pioneer town he had known and loved. One noisy café followed the other with flashy decorations, dance-parquets and microphones and blaring loud-speakers through which crooners from the suburbs of Bucharest and aged artistes from Salonica poured out their Hebrew imitations of American imitations of Cuban serenades.

III

JEWS AND ARABS

Important as the intra-mural problems of Jewish nationalism may be, at the moment at least the most important problem is the relation of Jewish nationalism to the outside world, and primarily to the Arab world. Mr. Koestler does not think that the problem of Palestine is one of British imperialism, but rather a clash between Jewish and Arab nationalism. Jewish terrorism antedates the White Paper of 1939. The early portions of the book which describe the situation as it existed before the issuance of the White Paper abound in discussions between the members of the Ezra Tower Commune, in which there is almost unanimous agreement between the active members of that Commune in condemnation of the terrorist activities of the underground organization, because these activities must worsen the relations of Palestinian Jews with their Arab neighbors, against whom the terrorist activities were then exclusively directed. The Jewish terrorists are referred to as "gangsters" by the socialist leaders of the Commune, and are accused of throwing bombs into Arab market-places, killing women and children.

The picture presented is drawn so as to bring out this point. The story begins in 1937, after the Arab rebellion of 1936 had been suppressed, but not crushed, by the British with the aid of Haganah. The Arab rebels had been driven underground, but they continued their terroristic activities against the Jews; and the Jewish underground terrorism had its inception as retaliation against Arab outrages. Ezra's Tower was organized with the help of Haganah, the Jewish defense organization which cooperated with the British in the suppression of the Arab rebellion, and Bauman, the Haganah leader in charge of the expedition to Dogs' Hill on which Ezra's Tower was to rise, told the future settlers immediately before the start of the expedition:

"It took two years to finish these little formalities. When they were finished, the Arab rebellion broke out. The first attempt to take possession of the place failed. The prospective settlers were received with a hail of stones from the villagers of Kfar Tabiyeh and had to give up. At the second attempt, undertaken in greater strength, they were shot at and lost two men. That was three months ago. You are making to-day the third attempt, and this time we shall succeed. By to-night the stockade, the watch-tower and the first living-huts will have been erected on the hill.

"Our detachment is going to occupy the site before dawn. A second detachment will accompany the convoy of the settlers which will start two hours later. The Arabs will not know before daybreak. Trouble during the day

is unlikely. The critical time will be the first few nights. But by then the Place will be fortified.

"Some of our cautious big-heads in Jerusalem wanted us to wait for quieter times. The place is isolated, the next Hebrew settlement eleven miles away and there is no road; it is surrounded by Arab villages; it is close to the Syrian frontier from which the rebels infiltrate. These are precisely the reasons why we have decided not to wait. Once the Arabs understand that they cannot prevent us from exercising our rights, they will come to terms with us. If they see signs of weakness and hesitation, they will first fleece us and then drown us in the sea. This is why Ezra's Tower has to stand by to-night."

The story of Ezra's Tower is the story of conflicts with the Arabs, not with the British. Indeed, on the day following the successful expedition, the new settlement received a visit from Mr. Newton, the representative of the British Government, who wished the new settlers success. On the same day, the settlers also received a visit from a delegation of the Arab Village Kfar Tabiyeh, but the character of that visit was quite different from that of the British Government's representative. These visits were followed by a night attack from the Arab underground which caused one of the settlers his life; and after the initial attack was beaten off,—apparently with substantial loss to the Arabs,—there followed more sporadic attacks, which only petered out because of the strength of the Jewish defense and the "benevolent neutrality" of the British Government.

Later on, after Bauman had split the Haganah and become the head of Irgun, Joseph, who had become converted to terrorism by the logic of the Ice Age, thus summed up the situation:

The Arabs have been waging intermittent tribal war against us for the last three years; if we want to survive we have to retaliate according to their accepted rules. By throwing bombs into Arab markets the Bauman gang performs exactly the same inhuman military duty as the crew of a bomber plane.

This notwithstanding, Mr. Koestler not only admits that there is another side but actually presents it with admirable clarity. And he sees the problem not only as a clash over the possession of a country or the building of a national state, but also as a clash of cultures and ways of life. All of these aspects of the problem appear in his account of the events of the first day after Ezra's Tower had been erected on Dogs' Hill. His account of the visit of the representative of Kfar Tabiyeh to the new settlement concludes with the following dialogue between Bauman and Joseph:

"We are too weak to afford to be polite," he said. "By keeping them out we established ourselves in their eyes as masters of the place. By now they have all unconsciously accepted the fact."

Joseph grinned. "Where did you learn all this psychology, Bauman?" he said.

"Intuition," said Bauman.

"I thought one only had intuitions about people one liked."

"Who told you that I don't like them?" said Baumann.

"I wish my Arabic was as good as yours," said Joseph. "What was the old Sheikh explaining so solemnly?"

"He explained that every nation has the right to live according to its own fashion, right or wrong, without outside interference. He explained that money corrupts, fertilisers stink and tractors make a noise, all of which he dislikes."

"And what did you answer?"

"Nothing."

"But you saw his point?"

Bauman looked at him steadily:

"We cannot afford to see the other man's point."

Before that Mr. Koestler had described the feelings of the Mukhtar of Kfar Tabiyeh when he first set his eyes on Ezra's Tower, as follows:

He adjusted the glass and the Hill of Dogs jumped from a distance of two miles to one of two hundred yards. The panelled frame of the watch-tower, now visible in detail, dominated the scene; on its top one could see the cyclopean reflector-eye which at night would blink its messages to the intruders' confederates, defiling the peaceful darkness of the hills. Around the tower there were the messy beginnings of a camp with tangled barbed wire, trenches and dug-outs, several tents and the first wall of a pre-fabricated wooden hut in the process of erection. *And all around bustling figures, digging, hammering and running about in undignified, alien hurry in their loathsome clothes, bare-headed in open shirts; and their loathsome shameless women with naked bulging calves and thighs, nipples bursting through tight shirts—whores, harlots, bitches and daughters of bitches.*

The Mukhtar let the glass sink. His face had become a greyish yellow, as in an attack of malaria, and his eyes were bloodshot. His stomach almost turned over at the thought that henceforth every morning when he got up the first thing to meet his eyes would be *this abomination, this defilement, this brazen challenge of the intruders.* Dogs on the Hill of Dogs, dropping their filth, wallowing in it, building their citadel of filth . . . It was finished. The whole landscape was spoilt. Never again would he, the Mukhtar of Kfar Tabiyeh, be allowed to enjoy the use of his own balcony. His eyes would no longer rest in peace on God's creation, watch the fellaheen in the valley walking behind their wooden ploughs in dignified leisure, watch the sheep flocking over the slopes—they would be drawn to that one spot in which the whole landscape had become focused, *that poisoned fountain of evil, the well of blasphemy and temptation. . . .*

And in describing Mr. Newton's visit to the new settlement, Mr. Koestler gives the following account of the way in which that disinterested gentleman viewed the contrasting ways of life of Ezra's Tower, on the one hand, and the Village of Kfar Tabiyeh, on the other:

Mr. Newton listened absent-mindedly; he had a feeling of bewildered admiration for all these young people who started on these ventures against such heavy odds, driven on by a sentimental fanaticism which was entirely alien to him; at the same time he resented the bother which would arise if the Arab terrorist gangs started some monkey-business which they certainly would, though this was, thank God, the Major's business and not his. He also disliked all this messiness which went with the building of the camp. It was sure to become one more of those ugly, uncouth, modern settlements which were an offense to the landscape. What a contrast to the melancholy beauty of Arab villages, like the one across the valley, peacefully dormant in the hot, trembling air. . . .

That Mr. Koestler considers this contrast between the quiet Arab village life and the bustling Jewish Commune of great importance is shown by the fact that he comes back to it again and again. In addition to presenting Mr. Newton's detached contemplation of the scene, he reports the feelings of an Arab shepherd, who is described sympathetically and introduced to the reader as "a great pal" of Arieh, the Ezra Tower shepherd:

We were quiet for a while, and just sat and watched the sheep and the clouds. Arieh offered cigarettes, but he had only two left, so he broke one into halves and he and I shared it. Walid twice politely refused to take the whole cigarette and accepted it the third time. After a while he said:

"You are very poor."

"Not very," I said. "And we have only just started."

"You have tractors and electricity but you have no cigarettes."

"We put all our money into tractors and machines, and later we shall be rich."

"No," he said. "When you have more money you will buy more tractors."

For some reason this irritated me, and I said to tease him:

"Well, you have no tractors and no cigarettes either."

"But I am free," Walid said. "And you live like in prison."

"Walid thinks we work too hard," Arieh explained.

"Nobody tells us how much we are to work," I said. "We do it because we like it."

"You start planting trees and then you have to go on tending them. You always start something new and then you have to finish it, and when it is finished you have to start again something new. You are like prisoners. I am free."

Walid, while not speaking detachedly, was merely expressing a preference for one way of life as against another,—assuming that the two could exist peacefully side by side. But other Arabs felt and thought differently about it, resulting in a head-on collision with the Zionist point of view. Such a collision is described in an argument between the pro-Zionist American journalist, Dick Matthews, and Kamel Effendi, a “moderate” Arab nationalist.

They all refused except Matthews, who took a balloon-glass of brandy. “What was wrong with old Balfour?” he asked, thrusting his big untidy head toward Kamel Effendi.

“He gave our house away,” said Kamel Effendi, who liked to stick to the same metaphor.

“More boloney,” said Matthews, tasting the brandy and finding that it was good. “There never was a house here. There was a desert and a stinking swamp and pox-ridden fellaheen. You were the pariahs of the Levant and to-day you are the richest of the Arab countries. Your population was on the decrease for centuries because half your babes were dying from filth in their cradles, and since the Jews came it has doubled. They haven’t robbed you of an inch of your land, but they have robbed you of your malaria and your trachoma and your septic childbeds and your poverty. . . .”

“Come, come, Mr. Matthews,” the Assistant Chief Commissioner said, putting on his harassed air, though secretly he was enjoying himself. “This is rather strong language, and a bit unfair too.”

Kamel Effendi had jumped up from his seat. He was gasping for words.

“Bbah!” he brought out at last. “Now we know where we are. You come here as our guest, saying you were a journalist from America—but you are just one of those people whom they . . .” He made a frantic gesture of rubbing his index against his thumb, and his face underwent a rather unpleasant change.

“Yeah,” Matthews said calmly. “I am one of the Elders of Zion—huh?”

“I think it is time we joined the ladies,” said the Assistant Chief Commissioner, and the Professor obediently got to his feet, but Kamel paid no attention to him.

“I care not who you are,” he shouted. “You come here as our guest and then you abuse us. This is what we receive for our hospitality . . .”

“Come off it, Mr. Kamel,” said Matthews. “I am not your guest, I am paying my keep, and I haven’t asked your permission.”

“I care not whether you pay,” cried Kamel Effendi. “And I care not for their hospitals and their schools. This is our country, you understand? We want no foreign benefactors. We want not to be patronised. We want to be left alone, you understand! We want to live our own way and we want no foreign teachers and no foreign money and no foreign habits and no smiles of condescension and no pat on the shoulder and no arrogance and *no shameless women with wriggling buttocks* in our holy places. We want not their honey and we want not their sting, you understand? *Neither their honey nor their sting. . . .*”

IV

WHAT OF THE BRITISH?

Given Mr. Koestler's basic view of the Palestine question, it is natural that he should be lenient, if not actually friendly, to the British. The British certainly come off well in this book. The British characters whom we encounter in the book are, on the whole, a very decent lot, if not always good company. At their worst, they are prigs and a bit snobbish. At best, they are idealists ready to take up any good cause whether or not it coincides with their national interest. But first of all they are in the main, a conscientious lot, trying to do their duty under all circumstances,—which makes them admirable administrators under the most trying conditions. Such is Mr. Newton, the Assistant Chief Commissioner, whom we have met during the first day of the Commune's existence. Mr. Koestler describes at length Mr. Newton's morning at his office, which paints quite a different picture of a *Ruler's Morning* from that which Mr. Joseph Hitrec painted in the Indian story bearing that title. Mr. Newton is represented as a harassed official who is trying to do his best as an impartial moderator in the seething cauldron of conflicting interests which is Palestine. In this connection, Mr. Koestler reminds us again and again that Palestine does not mean only Jews and Arabs. It also means Jerusalem, which is in itself sufficient to give a conscientious administrator a big headache.

The city of Jerusalem is a mosaic of religious and national Communities, more or less neatly divided into separate residential quarters competing in holiness and mutual hatred.

So a *Ruler's Morning* in Jerusalem, the capital of Palestine, is full of headaches of all kinds.

The Assistant Chief Commissioner was reading with a harassed air the topmost document of this morning's yellow in-tray, concerning a protest of the Armenian community against an alleged infringement of the *status quo* in the Basilica of the Nativity in Bethlehem, said to have been committed by Greek Orthodox priests by attaching the curtain of their chapel to the upper nail No. 1 on the pillar southeast of the left-hand set of steps leading to the Manger.

Then there were complaints of Arabs against Arabs:

Miss Clark gave one of her fervently affirmative little gasps. She had an unlimited admiration for the Assistant Chief Commissioner, always harassed by

those beastly native sects and communities and what-nots, and yet always patient, polite and kind . . .

He dictated two short notes to Dunby, the Junior Secretary, who was to draft an answer to the Armenian protest, and to promise an inquiry (the sixth or seventh) into the ritual slaughter business; then turned to the next entry. It consisted of about a dozen letters, pinned together with translations attached, from various Arab notables and village mukhtars adhering to the moderate Nashashibi party, who expressed their loyalty to the Government and asked for protection from the Arab terrorist bands.

But his main worry was, naturally, the problem of Arab-Jewish relations:

While handing the letter to Miss Clark, the Assistant Chief Commissioner permitted his thoughts to dwell for a second on his nephew Jimmy who served as a junior officer in the Black Watch, and who had had his leg amputated last week after an engagement with terrorist bands attacking a Hebrew settlement. But it only lasted for a second; with a slight feeling of guilt for letting personal emotions creep into public business he turned to the blue, semi-urgent tray. . . .

Turning to the next item in the tray, he thought that H.E. went indeed a bit far in demonstrating his dislike of the Hebrew community. For the last year or so he had persistently refused to see Glickstein, and at this year's official Garden Party practically none of them had been invited. Glickstein was a trying person, and his insistence on pushing a matter which had been settled at Cabinet level was both unpolitic and in deplorable taste, but equally deplorable was H.E.'s demonstrative rudeness to them. It put one in the wrong with an otherwise perfectly good case and laid the Administration open to tiresome attacks in the House and in Geneva, which Mr. Glickstein and his friends were so clever at staging. However . . .

The next item was a digest of yesterday's Hebrew and Arabic Press, teeming as usual with gross inexactitudes and venomous attacks on each other, on dissenting factions in each party's own camp, and mainly on the Government. He skipped the leader columns with their ever-repeated emotional tirades and concentrated instead on the shorter notes with some factual content.

"We hear," wrote the leading Hebrew paper, *"that there is at present no permanent Hebrew physician to attend to Hebrew patients at the Government Hospital in Jerusalem. We are also informed that the Government Health Department does not employ a sufficient number of Hebrew officials. Arabic reigns supreme in that Department. The British heads of the Department prefer talking Arabic to the Hebrew officials rather than Hebrew. One of the heads requested to be greeted in Arabic and not in Hebrew. . . ."*

To this page efficient Miss Clark had attached on her own initiative a typewritten note which said: "Facts ascertained from Health Dept. In Government Hospital Jerusalem 4 out of 10 doctors on the establishment are Jews. So are 21 out of 53 nurses. The three members of the Hospital clerical staff are all Jews. Out of 75 medical officers in the whole Department at present 31 are Jewish and of 331 nurses 38% are Jewish."

In addition to trying to straighten out difficulties by giving various orders and directions, it was also the Assistant Chief Commissioner's duty to entertain visitors, who were not always agreeable company, and to show his impartiality by inviting representatives of various contending groups to his dinner table. On this particular day, Mr. Newton was entertaining Professor Shenkin of the University of Palestine, and Kamel Effendi, both "moderates", and Dick Matthews, the American pro-Zionist correspondent, who was anything but moderate. Mr. Matthews got into heated arguments with both, and also managed to get the two moderates into a rather heated argument, to the great discomfort of the Assistant Chief Commissioner and his wife. And Mr. Koestler leaves very little doubt of the fact that, like Miss Clark, he rather commiserated with the harassed Assistant Chief Commissioner. Mr. Koestler's real feeling towards the British is perhaps best shown by the interview between himself and Mr. Matthews at the conclusion of the dinner. In the description of this interview Mr. Koestler not only lets Mr. Newton have the better of the argument, both in logic and in manners, but makes no secret of his aversion towards the blustering pro-Zionist Gentile American.

"Cigar?" the Assistant Chief Commissioner asked when they were alone. He sank into his favourite armchair and let the harassed look slowly fade from his face. "Well, Mr. Matthews," he said, "today you had a taste of the peculiar atmosphere of this little country. *And they were both moderates, mind you . . .*"

Matthews filled up his half-empty brandy glass with soda. "Christ," he said. "Your khamsin takes it out of a guy." He emptied the glass and put it down on the inlaid table with a slight clank. "And now tell me straight, Mr. Chief Commissioner," he said, shifting his heavy body forward in the chair, "*Why are you selling out on them?*"

"I am afraid. . . ."

"Aw, come off it. Don't be afraid. This will be strictly off the record, Mr. Chief Commissioner."

"Assistant," corrected the Assistant Chief Commissioner. Though he kept smiling politely, the difference in colour between his two eyes became accentuated, a sign that he was angry. "May I ask what exactly you mean by 'selling out'?"

"Aw, come off it," Matthews repeated, drawing out each vowel into a lingering flourish. It was as if a massive bull deliberately tried to excite the slender matador. "You have read the League of Nations reports. They say plainly that you have been inciting the Arabs against the Hebrews so that you should have an excuse to let Zionism down."

The Assistant Chief Commissioner tipped the ash from his cigar with the circumspection of a clinical operation. It occurred to him that he couldn't go to see Jimmy in the hospital on Sunday as he had promised to open a Horticultural Exhibition in Tel Aviv.

"My dear sir," he said, "I am a sincere admirer of the Jews. They are the most admirable salesmen in the world, regardless of whether they sell carpets, Marxism, psychoanalysis or their own pogromed infants. It is child's-play for them to get around well-meaning people such as Professor Rappard and other members of the Geneva Mandates Commission—or members of both our Houses if it comes to that. If those fantastic accusations were true, how would you explain the fact that we had two hundred British soldiers killed fighting the Arab revolt? Don't you think the fact that they were defending Jewish life and property deserves to be mentioned when certain rash criticisms are made?"

"That's so much sob-talk," said Matthews, filling up his glass uninvited.—I'll drive this smug guy mad, even if he calls his Ahmed or Mahmed to throw me out, he thought. "A year back," he went on, "when I was here the first time, I saw a gang of your Mufti's Arab cut-throats throwing stones at a couple of old Jews and yelling at the top of their voices: 'Eddaula Ma'na,' 'The Government is with us.' Will you deny that, Mr. Chief Commissioner?"

"Assistant," the Assistant Chief Commissioner corrected. "I shall certainly not deny it. The trouble-makers make the crowd believe it, just as they make them believe that Jews are throwing dead pigs into the Mosque of Omar. But it would be a bit unfair to make us responsible for each rumour in the skuks, wouldn't it?"

"No, you won't get away with that," said Matthews. "The Arabs believed that you welcomed the killing of Jews because your whole attitude encouraged them to believe it. You backed the Mufti during twenty years though you knew about his doings. I have read your Royal Commission's Report, all the four hundred pages of it, which accuses your local administration of condoning Arab terrorism. This isn't Jewish sales-talk—it's printed in your Majesty's Stationery Office. I know one of your Intelligence guys who toured in his car the Arab villages near Nazareth, telling them not to sell land to the Jews because your Government is against it. I know of others who smuggled arms to the Syrian rebels. I know this isn't your personal responsibility but you should have raised hell to stop those romantic young pansies from your universities being let loose to chase about in Beduin dress and stir up trouble. I have met a few of these hush-hush guys, and if I had a say in your Government I would spank their arses and send them back to college. Aw, let's talk straight, Mr. Chief Commissioner. You've been asking for trouble and you've got it, and now you complain because English soldiers are killed. You had to crush the Arab gangs, not for the sake of the Jews but for your own sake, because this country is the strategic centre of your Empire, and you need it. Even so, you did bloody little to defend the Hebrew settlers who were left to look after themselves and sent to jail for possessing rifles with which to defend themselves and their women-folk. . . ." He pulled a dog-eared notebook from his pocket. "Here, your Royal Commission's Report, page 201: *'Today it is evident that the elementary duty of providing public security has not been discharged. If there is one grievance which the Jews have undoubted right to prefer it is the absence of security.'* . . . No, Mr. Chief Commissioner, you won't get away with it so easy. Your gratitude-talk may go down with your phony professor and his like, but it won't go down with an impartial observer."

He puffed and finished the rest of his glass. "Christ," he thought, "if he

doesn't rise to that he's a dead fish."—The Assistant Chief Commissioner looked at him thoughtfully. . . .

"I share your admiration for them. But after all, don't you think you are being a little romantic about it—just as some people whom you dislike are being romantic about the Arabs?"

"Nope. I haven't seen the Arabs producing anything worth showing off, except cabarets and filthy postcards, from Tangier to Teheran—not for the last thousand years."

The Assistant Chief Commissioner smiled.

"Has it never occurred to you that a race may cherish and preserve certain values or a way of life, which are not expressed in spectacular achievements?"

"Maybe," said Matthews. "But that isn't the point we were discussing. I am not so easy to side-track, Mr. Commissioner. It's not the philosophy of life we are discussing, but the policy of your Government which is selling out on the Jews."

The Assistant Chief Commissioner gave a mock-distressed sigh.

"No, you are not easily side-tracked, Mr. Matthews. I had the privilege to admire your singleness of mind in your book 'Has Democracy Lost Its Punch?'"

"Guts," Matthews corrected. "Guts, guts, guts. But that too is beside the point."

"Not so much as it seems," the Assistant Chief Commissioner said mildly. "Your book is, if I may say so, a brilliant and pungent attack on what is termed by a popular though nebulous catch-word our policy of appeasement in Europe. Well, Mr. Matthews, I must confess I am an inveterate sinner in your and your friends' eyes. I am in favour of coming to terms with the Arabs—of appeasing them, if you like. In other words, I believe that all policy, past, present and future, has to be based on reasonable compromise."

"Yea," said Matthews. "The question is what you call reasonable."

"Let's see," said the Assistant Chief Commissioner. "I thought the term self-explanatory. But that may be a national prejudice. So we had better consult the dictionary. . . ."

He emerged from his armchair and crossed with his gentle flamingo-stoop to the bookshelf.

"Now let's see," he said, visibly regaining the mood of quiet fun. ". . . Rear-arch, rear-vault, reason, *reasonable*. Here we are: '*Sound of judgment, sensible, moderate, not expecting too much, ready to listen to reason; agreeable to reason, not greatly less or more than might be expected; inexpensive, tolerable, fair. . .*' That's about all the Concise Oxford Dictionary has to say. If this doesn't satisfy you, I've also got here the Shorter Oxford Dictionary in two volumes, and the Oxford Dictionary in twelve."

Leaning against the bookshelves, he politely smiled down at Matthews who once more filled his glass with soda, conscious of the poisoned absurdity of this dialogue. . . .

Matthews yawned and stretched his legs out. "Aw, Mr. Chief Commissioner, let's come to the point."

"Help yourself to another drink," the Assistant Chief Commissioner said, crossing back to his armchair. "The whole matter is simpler than it appears. From the beginning the Husseini clan had the strongest following among the Arabs; and among the Husseinis Hadj Amin, the later Mufti, commanded the

greatest authority. Hence the smoothest way of dealing with the Arabs was to deal through him. We would naturally have preferred to deal with the Moderates; just as we preferred dealing with Dr. Brüning to dealing with Herr Hitler. In both cases we were accused of 'backing' the extreme wing whereas in fact our policy merely endorsed and adjusted itself to, the regrettable but undeniable course of events. Arab Nationalism here is growing rapidly and inevitably as in Egypt, Iraq and Syria. There may be individual sympathisers with this trend in some of our Departments, just as we have individual admirers of Herr Hitler—though I may point out in parenthesis that I am not one of them; however, I can assure you that these personal inclinations have hardly any influence on our basic policy. Nationalistic movements necessarily follow an irrational trend; hence it is useless to argue with Arab nationalists, even of the more moderate brand, about the indubitable benefits they derive from Jewish immigration. They want to be masters in a country where they form the majority; and they are afraid of and opposed to Jewish domination, regardless of any material benefits. . . ."

"I thought your Government was pledged to establish a National Home by means of a 'close settlement of the Jews on the Land'? But I guess I have come to the wrong country."

The Assistant Chief Commissioner looked at his watch. It was the first sign of annoyance he had permitted himself, and he at once effaced this self-indulgence with a charming smile.

"Well—we won't start a legalistic argument, Mr. Matthews. The simple truth of the matter is that we have to balance the conflicting interests of the two communities. We are extremely sorry for the Jews, and it may not be irrelevant to point out that in aiding Jewish refugees Great Britain has played a larger part than any other country in Europe—*or outside Europe, if it comes to that*. There is, for instance, good reason to believe that a considerable proportion of the Jewish children in Germany whose transfer to this country proved not feasible, will shortly be admitted to the United Kingdom itself. However, we cannot afford to antagonise the Arab world for the sake of the Jews, just as we could not afford to start a world war for the sake of the Czechs. You may say that we have sacrificed the Czechs, and I shall answer you that in order to avoid a world-conflagration this small sacrifice was justified. We have quietly faced the wrath of well-meaning but somewhat hot-blooded young men like yourself, and we were called names and had a very bad Press—but that was a small price to pay for ensuring Europe's peace for our lifetime. You may say and write, Mr. Matthews, that we have no 'guts'—personally I rather dislike the term but you will have to admit that we never lacked the courage to incur momentary unpopularity in the interest of lasting good. Our task in this country may be ungrateful, but be assured that we shall carry it through. We have come to terms with Egypt and Iraq, and we have to come to terms with the Arab population in this country, on the basis of a reasonable compromise which will fully safeguard the rights of the Jewish minority. That is the whole issue in a nutshell—and everything else is propaganda and rhetorics. . . ."

There was a short pause; then Matthews heaved himself into an erect position.

"Thank you, Mr. Chief Commissioner," he said. "That's all I wanted to

know. Now we are fixed. I've listened to your reasonable reasoning which will bring the world greater disaster than the ravings of lunatics. So long."

V

THE ICE AGE

The account of the interview between Dick Matthews and Mr. Newton indicates Mr. Koestler's belief that the British policy in Palestine cannot be considered in isolation from British world policy during the period in question. It cannot be understood either by the legalistic approach of a breach of promise suit or by considering it merely from the point of view of British interests in Palestine. Elsewhere Mr. Koestler makes Bauman, the leader of the terrorists, assert that it is in fact to the British interest that Palestine should become a Jewish State. The British White Paper of 1939 is explained in terms of the general political situation, that is to say, the policy of "appeasement". And that can best be explained by the title of Dick Matthew's book: *Has Democracy Lost Its Guts?* Not British democracy alone, but democracy in general, including American democracy, whether or not Matthews intended it in that sense. The interview is supposed to have taken place early in 1939, and could not therefore refer to what followed after September 1 of that year. Had Mr. Newton been endowed by Mr. Koestler with prophetic vision, he could undoubtedly have told Mr. Matthews that many of his American confrères who had called the British names after Munich, would land in the isolationist camp, and some of them even join the American Firsters.

As it is, Mr. Newton explains that the British change of front in Palestine was due not to fear of Arab terrorism, but to the use that Mr. Hitler would make of the Arabs unless they were placated. That Mr. Koestler agrees with Mr. Newton in this respect is made clear in a passage sandwiched in,—apparently for this specific purpose,—between his account of the interview between Dick Matthews and Mr. Newton, and his account of the official announcement of the British White Paper and what followed it:

He (Joseph) lunched heretically in a small Arab eating-house where the food was cheap, dirty and tasty, and whose fat proprietor confidentially informed him that Hitler, Protector of Islam, would soon destroy the British Empire, restore the country to the Arabs and drive the Jews into the sea. . . .

And elsewhere, Bauman, the leader of the Irgun, tells Joseph that

some of the arms used by his organization were furnished by the Polish Government which, Bauman explains, was pursuing a general anti-British policy. This is also shown by passages quoted by Mr. Koestler from speeches delivered by Winston Churchill and Herbert Morrison in the House of Commons in opposition to the British White Paper,—both of whom indicated that they considered the change of British policy in Palestine part of Mr. Chamberlain's general policy of appeasement and as truckling to Hitler.

Such is also the account which Mr. Koestler gives of the Round Table Conference which preceded the issuance of the White Paper, indicating that it was fear rather than preference that dictated the policy contained in the White Paper.

This being so, there is no reason for hatred of the British,—although there may be good reason for Jewish terrorism, in an effort to make the British fear the Jews more than the Arabs. We are living in a new Ice Age in which force is the only language which the world understands;—the Jews must learn and use that language if they want to survive:

"You have probably noticed," says Bauman to Joseph,—"that unlike Simeon, I don't hate the English. You know better than I that the type one meets in the Colonies is not representative. When I got out of Austria I spent six months in their country. They were kind and sympathetic, and had no idea what it was all about. They live on the moon, a gentle moon with green pastures and tennis-courts. When they touch our hot earth they lose their balance. But likes and dislikes aren't the point. The point is that we need them and they need us. We need them because this country is under their control. They need us because the Arabs naturally want their independence and will double-cross them in an emergency, as they have done before. A Jewish State, tied to them by common European tradition and mutual interest, would be of much greater value to them than a standing garrison in a hostile native population. They had to withdraw step by step under pressure from Egypt and Iraq; if Palestine becomes an Arab State they will sooner or later have to withdraw from here too; if it becomes a Hebrew Dominion, it will be a solid and permanent bridge-head to the East. The more far-sighted of their statesmen knew this, hence their pledge to us. But their giants are dead or sulking, and their Empire is in a state of Wagnerian *Götterdämmerung*; St. George has become tired of fighting the dragon and is trying to bribe it. They've put their island under an umbrella and we are left to swim in the drink. . . ."

Joseph had never heard Bauman so eloquent. Bauman squashed his cigarette with the determination of crushing a harmful insect, and went on:

"It follows that we have to do two things if we want to avoid drowning altogether. One is persuasion: proving to them that no dragon can be bribed, regardless of whether it's a Teutonic, Roman, Arab or Jap dragon. Two is making a hell of a nuisance of ourselves. Driving each argument home with a bang. Otherwise they won't listen. That's where our Glicksteins go wrong. They squeak. They keep on piping what good boys we are. Result: a pat on the

shoulder and a kick in the pants. *A nation of conscientious objectors can't survive.* We have to force them to take us seriously, then they'll do business with us. But to achieve that we have to speak the only language they understand. . . ." He patted with his fist the gun under his leather jacket. "*That's the new Esperanto,*" he concluded. "*Surprising how easy it is to learn. Everybody understands it, from Shanghai to Madrid.*"

VI

A POLICEMAN'S LIFE IN NOT AN 'APPY ONE

The British government in Palestine is not limited to the settlement of grievances and diplomatic negotiations with Arabs and Jews. It must also act as a policeman in maintaining order and according to Mr. Koestler at least, its agents perform the police functions with the same conscientious sense of duty that characterized Mr. Newton in the performance of his diplomatic functions. Mr. Koestler's description of a Jewish riot in Jerusalem and the conduct of the police during that riot, shows almost as much sympathy for the harassed British policeman as Miss Clark has shown for the harassed Assistant Chief Commissioner. The riot took place as the result of a demonstration called by the Jewish official organizations as a protest against the British White Paper. The Irgun does not believe in "demonstrations", and its members are therefore prohibited from participating in the same. But a young orthodox novitiate of that organization participated in this demonstration, and in the riot that followed he played the same role with respect to Constable Turner that Dick Matthews played in baiting the Assistant Chief Commissioner. And Mr. Koestler's description leaves very little doubt as to where his sympathies lie:

Second from the right in the line stood young Constable Turner, a fair, good-looking lad from a village in Suffolk. Holding his rifle with a firm grip in the at-ease position, he looked at the undulating crowd before him with his wide-open, slightly bulging eyes. He had never before seen a mob behave like that and he did not know what all this shouting was about, except that one of the fellows had said that the Jews here wanted Independence, and he had added that if British rule wasn't good enough for them, all they had to do was to buy their tickets and go home where they came from and see whether Hitler was better. That was fair enough. Not that he had any grudge against Jews, queer fish though they were; he had known one in the Force, from White-chapel, who had been a very decent, regular fellow. And back home in Suffolk on embarkation leave he had listened to a sermon by the vicar against Hitler and Race, and how the poor blighters had their synagogues burnt down; so he had arrived in this country with pity for them and open-minded like.

But on the other hand there was what the sergeant had said when he had

given them a talk after debarkation—a regular eye-opener it had been, for the sarge knew what he was talking about, what with five years in the country and knowing the lingo and the ropes.

“You’ll have to look out sharp,” he had said to them, “for this is a hot country. If there is no trouble with Johnny Arab, there is trouble with Moishe Jew. Johnny Arab is easy enough to get along with but he is excitable like, and when he gets excited he does a bit of shooting. He is a clean fighter though, who does most of his shooting in the open hills. Moishe Jew is a different customer, all smiles into your face but sly. He likes planting time-bombs which go off when you don’t expect it, and ambushing in dark streets, gangster fashion. He’s also got helpers everywhere. Johnny Arab is quiet just now, but the Jew has something up his sleeve; so watch your step. . . .”

Just now they were all screaming again on the square like a lot of monkeys in the zoo. Having finished with the shop windows they were now smashing the telephone-boxes and street lamps. One after the other the lamps went out; then there was a flash, like from a short-circuit and the rest of the lamps went out together. The square was plunged into sudden twilight, and as it grew darker the yelling and screaming increased. Young Constable Turner confessed to himself that he didn’t like it.

In the first row of the crowd, directly opposite him, Turner had remarked an oddly dressed boy with black love-locks and black cotton stockings fixed with strings. He was pressing a velvet bag to his hips, the like of those boys always carried on their way to the synagogue. The boy looked and behaved like a devil, yelling and gesticulating, and jumping up and down. Several times he was pushed forward by the pressure of the crowd almost into Turner’s arms, and then he elbowed himself back into the crowd, but he didn’t seem to be frightened. On the contrary, he was pulling faces at Constable Turner. Turner tried to look the other way, but for some reason his gaze had always to return to the boy’s face. Just now the boy was sticking his tongue out at him—there could be no doubt about it though—it was almost dark—and what with his dangling side-locks framing the dark-eyed face, and the long, pointed tongue sticking out, it was an ugly sight which almost gave one the creeps. . . . Turner wished he could collar that boy, and give him a good shaking maybe, to teach him some manners. But just to stand and stare and dodge the stones thrown at you, with that grimacing devil under your nose, it kind of got you down. Well, that’s how it is, the policeman’s lot, always—or nearly. . . . Turner squinted at the faces of his fellow policemen; they stood rigid as if the whole show didn’t concern them. The mob was throwing stones again, not from the front, of course, but from further back where it was safe; Turner had to dodge a brick which came hurtling at him like shrapnel and missed his head by inches. And all the while the singing went on—part seemed to do the singing, part the throwing; now it swelled even more and there was a new violent push forward. Those in front were swept forward by a big wave, the whole dark mass was moving; then there was a shot followed by two others and the second man to Turner’s right gave out a yell and went down with a queer kind of spiralling slow-motion.

Almost at the same second the sergeant yelled out a command and Turner felt his rifle fly upward and dig its butt firmly into his shoulder, as if the rifle had obeyed of its own accord. The next command followed immediately and

Turner pulled the trigger—whether he felt regret or relief for having been ordered to fire only over the heads of the crowd he couldn't say, for simultaneously with the flash he saw a dark and supple mass, like a jumping wild-cat, fly at him, and felt a hot stinging pain in his left knuckle. He screamed and let go of the rifle; then he saw as if in a crazy dream that the boy with the grimacing devil's face was hanging on to his neck and biting into his knuckle, holding fast with his teeth. Crazy with fright and frantically trying to wrench his hand free, young Constable Turner suddenly remembered the words of the psalm: *Deliver me from the hand of strange children*; then he lifted his right fist and gave the devil a whacking blow on the head.

The boy tottered and let go, but before Turner could grab him some of the mob had torn the boy back, and Turner's rifle had gone too. He looked round with dazed eyes and saw that there still was a number of separate skirmishes going on in the street, but the mass of the crowd was floating back and the cordon had re-formed. The volley had after all had its effect, and a minute or so later there were again about twenty yards of free space in front. "Order arms," the sergeant shouted, but Turner had no longer any arms to order. "I'll pay them back for this," he muttered under his breath; then he saw the blood trickling from his hand, and reported for permission to fall out.

VII

POLITICAL IMAGINATION IN THE ICE AGE

Joseph, the chief protagonist of *Thieves In The Night*, accepts the logic of the Ice Age as expounded by Bauman, and joins Bauman's organization. But his acceptance of the Ice Age as a fact, and of its logic as a guide to action, does not make him like either its ideas or its practices. He accepts the practices of the Ice Age, notwithstanding his dislike of its ideas, because there are no ideas leading to better action, and the alternative is passivity or drift.

It was curious, Joseph reflected as he continued his walk towards Zion Circus, now dark and deserted, it was strange indeed that political imaginativeness was nowadays only to be found among extremist movements of the tyrannical type. Nazis, Fascists and Communists seemed to hold the international monopoly of it. It was not due to their lack of responsibility, as the envious democracies pretended, for these movements had ascended to power. One would have expected that a democratic structure would leave ampler scope for the display of originality than these rigidly disciplined bodies; and yet the opposite seemed to be true. Apparently submission to discipline and boldness of vision were not as incompatible as was generally assumed. Those who denied the freedom of ideas were full of ideas and ingenuity; while the defenders of free expression were dull and pedestrian with hardly an idea worth expressing.

Nor did Joseph, by accepting the logic of the Ice Age, cease to be disturbed by the transformation which this logic is apt to undergo as

its ideas percolate from cynical leaders at the top to fanatical followers at the bottom,—from Bauman to his orthodox boy-novitiate. Indeed, it would appear, that these ideas didn't percolate at all but stayed at the cynical top, while the fanatical mass was developing an aversion to all ideas,—as a result of the militarist discipline which is based on the principle, that theirs was not to reason why, but to do and die.

"What do you think of all this?" he asked.

The boy lifted his shoulders.

"Do I know?" he said. "It is written: A wolf in a sheep's skin is a great danger, but a sheep in a wolf's skin is an object of slaughter."

"Where is that written?" asked Joseph.

The boy smiled, twisting his side-plaits round his finger.

"You have made it up," said Joseph, and for the first time the boy was not entirely repulsive to him. "Why have you joined the Organization?" he asked.

Again the boy shrugged. "Why not?" he answered in a sing-song, with his half-humble, half-superior infant-prodigy smile. Somewhere beneath his cringing and gaucherie that boy was quite sure of himself, or of something encased in the very core of himself. It was as if he accepted the awkwardness of his own body and manners as something of no consequence, as a mere accident which could not touch that inner certainty.

"Can't you answer properly?" Joseph said. The boy reluctantly turned away from the hoarding and faced him. Under his black kaftan he wore a white, soiled, cotton shirt buttoned up to the neck but without a tie. Instead of a stud the shirt had a white thread-button which was broken, showing its wire frame. His face, between the two spiral braids hanging down to his shoulders, still had the bi-sexed ambiguity of adolescents and the coarser cherubim. His eyes and lips were moist, and the lips always moving. . . .

A camel rocked past them, occupying with its load almost the whole width of the lane. They had to flatten themselves against the wall. The Arab, riding on a heap of sacks, was asleep. The camel passed them with measured sullenness, its hooves whirling up a cloud of dust as it reached the unpaved end of the lane.

"And what did you say when they asked you?" Joseph pressed the boy. It had become of a sudden importance to him to know what the reasons were which had got him and this boy into the same boat.

"What I said? I gave them Exodus 20:1, and Deuteronomy 19:21 and 25:19 and 32:41 and 32:42 . . ."

"Meaning?" Joseph asked; but already his curiosity was extinguished.

"Meaning," said the boy, with mocking triumph in his voice, "meaning: Blot out the remembrance of Amalek from under heaven. Thine eye shall not pity, but life shall go for life. I will render vengeance to mine enemies and will reward them that hate me. I will make mine arrows drunk with blood, and my sword shall devour flesh. . . ."

He had begun hopping up and down on one foot, clapping his hands, his side-locks flapping round his ears. He looked like a big clumsy child in an outgrown coat skipping a rope.

Joseph watched him with fascinated disgust. "That will do," he said.

"Now you know," said the boy, coming to rest. His eyes resumed their former expression of timid mockery. In a different voice he said, as if trying to comfort Joseph:

"It is also said: In much wisdom there is much grief; he that increaseth knowledge increaseth sorrow. And how dieth the wise man? as the fool."

He made a deep, mocking bow at Joseph and made off in a hurry, hop-skipping along like a schoolboy, his side-locks flapping, the velvet bag tightly pressed under his arm. . . .

"There goes your undiluted substance," Joseph thought, following the boy with his eyes.

VIII

THIEVES IN THE NIGHT: THE IDEAS OF THE ICE AGE

There has been considerable speculation as to who were the "Thieves In The Night" of the title of Mr. Koestler's book. Were they the builders of Ezra's Tower, who planted the new settlement by a secret night invasion of Dogs' Hill? Were they the Arab terrorists, who attacked the settlement in the dead of night? Were they the Jewish terrorists whom Joseph finally joins, who plant time-bombs in secret?

The answer to these questions is certainly not indicated in the quotation which appears on the title page, "But the day of the Lord will come as a thief in the night." (II Peter iii, 10). But it seems to us that the question is answered in the subtitle to the last section, which, like the book itself, is entitled "Thieves In The Night". This section, like the first section of the book, describes a ride which Joseph makes to Dogs' Hill, and his thoughts in the course of the ride. In the first ride, Joseph was one of the prospective settlers of Ezra's Tower. In the last ride, he is one of the convoy accompanying a new, the third, accretion of settlers to Ezra's Tower. His thoughts on the two rides are as different as his functions; and the difference is significant. His thoughts on the first ride were limited in scope—fear of the Arab terrorists in the face of the fact that the British were apparently ready to wash their hands off the Jewish-Arab dispute,—and hopeful of the future as the result of his confidence in those who were to build Ezra's Tower. His thoughts on the last ride were world-wide in scope, dealing with the ideas of the Ice Age; and were tinged with despair, due to the influence which those ideas were gaining over the builders of Ezra's Tower:

On the truck in front the new settlers were singing "God will rebuild Galilee". On the truck behind, which carried some of the Helpers, they were arguing over the White Paper. As the truck of the Helpers came closer or fell back, Joseph caught fragments of the debate and lost it again, while the singing

in front swelled and faded. The stars over his head displayed all their Galilean brilliance, the Great Bear sprawling on his back and the Milky Way clotted into a luminous, branching scar.

The truck behind was pulling close again. They were still arguing. A girl's voice said:

"Once we have irrigated the southern desert we can bring another four millions in."

"That still leaves twelve millions out," a man said.

"It doesn't matter," said the girl. "Half of them will be killed anyway. The other half will be all right for a while. . . ."

The truck receded, but the girl's voice lingered on in Joseph's ear: "Half will be killed, the other half will be all right for a while." She had said it as soberly as if checking a household account. *What a grandiose arithmetic history had taught this race.* Their population chart, instead of moving in a curve, looked like the zigzag of lightning.

The truck gave a jolt and slowed down; the singing in front became weaker, and from the truck behind came once more the girl's voice arguing in the dark:

". . . Nationalism? Nonsense. It's homesickness."

"How can people be homesick for a country they have never seen?" said a man's sceptical voice.

"It's in the race. Homesickness is endemic in the race . . ."

It is clear that "Thieves In The Night" are the ideas of the Ice Age. By the title of the book and the title of the last section of the book, Mr. Koestler meant to indicate that although Bauman's cold logic, which eliminated hatred, was not likely to percolate to the mass of his followers, there was grave danger that the basic ideas of the Ice Age,—the ideas of race and of cold-blooded acceptance of the horrible fact of slaughter of millions of men—would be accepted even by those who were destined to become their chief victims.

THE TOWER OF BABEL

S. L. PETERSON

I.

ESCAPIST ECONOMICS

Beyond Supply and Demand, by John S. Gambs, Columbia University Press
105 pp., \$1.60.

The Theory of Economic Progress, by Prof. C. E. Ayres, The University of
North Carolina Press, 317 pp., \$3.00.

In the welter of literature dealing with and touching upon economic theory or economic problems that have swamped the book trade recently, it is refreshing to come upon a book which really says something either by way of analysis or worthwhile information. Mr. Gambs has written such a book; and if there be any award of prizes in this field, we gladly nominate Mr. Gambs for such an award. For he has managed to put into this little book more real meat than one can find in many a big tome or even several put together. His book is subtitled, "A Reappraisal of Institutional Economics,"—which is modest enough. But Institutional Economics was the reigning school of economics in this country—insofar as we have any schools of economics at all—unchallenged for some forty years. And the Keynesians who might qualify as challengers have not yet made up their mind whether they really want to challenge the basic positions of "Institutional Economics" or merely turn the band wagon in another direction. A reappraisal of Institutional Economics therefore becomes a soul-searching inquiry into the history of economics in the past fifty years and the "State of Science" at the present moment. Mr. Gambs has made such an inquiry. The result is interesting, if not very edifying. The sum and substance of Mr. Gambs' sad tale is that there is no science of economics today. And, what's even more interesting, that American economists had really not an interest in economics during the past fifty years. Indeed, they were interested in all social sciences except economics. This may come as a surprise to some. But it does not apparently surprise Mr. Gambs himself. For, as he points out correctly, the founder of Institutional Economics, Thorstein Veblen, was not an economist. The Veblenian Revolution, so called, whatever else it may have been, was therefore not a revolution in the science of economics.

Institutionalists—says Mr. Gambs—accept what standard economists be-

lieve. On the whole they seem to think that what standard theory has to offer is rather elementary and only the beginning of wisdom. But it is not the beginning of wisdom in the sense that you build upon it but rather in the sense that having acquired that wisdom and having found that it does not tell you very much, you must look elsewhere for the real thing,—into anthropology, sociology and psychology. Veblen's own preference was anthropology.

Veblen—says Mr. Gambs—can scarcely handle the simplest economic problem without discussing its origins in neolithic culture, citing the evidence of the kitchen middens and discussing its probable drift in the calculable future. . . . In the name of the science of wealth he contributes to aesthetic theory and hands us the stone of biology when we seek the bread of economics. Veblen's followers, each according to his taste and preference—have placed their emphasis on various other social sciences—their only point of agreement being that economics is not a separate science but only a branch of some other social science. Institutionalists—says Mr. Gambs—have taken economics out of the realm of pseudo-physical science, which is where standard theory seems to want to put it, and have placed it squarely into the biological sciences. They have made—or, at least, valiantly tried to make—its doctrines conformable with those of anthropology, ethnology, psychology, genetics—disciplines that have bothered standard theorists less.

Being primarily an anthropologist, and considering economics merely a branch of anthropology, Veblen was, needless to say, not in quest of separate laws governing economic activity but general laws which govern human conduct and behavior. And the basic principle which governs or affects human conduct or behavior he found in the notion of *coercion*. This "basic principle" of human conduct is therefore the point of departure in Institutional Economics. Mr. Gambs quotes Goethe. "War, commerce and piracy are inseparable," and adds: "This might well be the motto on some institutionalist device."

What we must always bear in mind is that war and piracy, as well as commerce, are merely local manifestations of the great basic principles of conflict and coercion. It is the development of conflict and coercion throughout the ages, nay throughout the millennial, that is therefore the study of economists like that of all other social scientists. Conversely, the "evolutionary" principles evolved from a study of the various aspects of the long history of the human race must be applied to the study of economics.

Veblen's constant awareness of changing institutional life—Mr. Gambs tell us—was an important ingredient of what he named "evolutionary economics," and "evolutionary" was what he himself thought was distinctive about his economic writing. In this he was partly right, in that a strong utopian bias was a dominant trait in his make-up, and his theories held out the possibility

of far-reaching social changes through changing institutions; this in part distinguished his work from that of standard theory. But he was also partly wrong, for as an economist, rather than as a prophet or dreamer—as a mere economist—his acceptance of coercion as a basic means of acquiring wealth was his really grand theme.

Institutions, in the Veblenian system, tend to give a semi-permanent coercive advantage to certain groups at the expense of others. A study of cultures in time and space, reveals that semi-permanent coercive advantages may fall to quite different groups. In some tribes men have all the advantages, in other women; warriors in this culture, priests in that one; landlords here, shopkeepers there. As any culture changes, the advantages of one group may count for little in a new environment, while formerly submerged groups may rise to the top of the scale of coercive power.

The Age of Anthropology as well as the Age of Evolution were past when Veblen entered upon his writing career. The Age of Psychology had set in. And by the time Veblen began to exert an influence on American social thought, psychology had become *the* science. This required certain adjustments between Veblen's anthropological approach and the reigning science of psychology. This was not very hard to make, since the doors of the "Institutional Approach" were as wide as those of a cathedral church.

A proper approach to the question of how institutional theory and psychology are related—writes Mr. Gambs—begins with a realization that institutionalists still think of their science as being in the foundation stage. The institutionalist thinks of himself as the practitioner of a young rather than a perfected mystery. On the 175th anniversary of Columbia University, Wesley Mitchell made an address entitled "Economics, 1904-1929." His first sentence was: "Whether we call Adam Smith or Francois Quesnay the 'father of political economy,' the science is younger than Columbia University." This sentence was more than a graceful opening. It expressed the institutional view that economics is young and immature. Veblen wrote that the economic life process was "still in great measure awaiting theoretical formulation," and this is quoted on the fly page of C. E. Ayres's recent book on institutional economics.

In this stage a science must familiarize itself with its universe and the prospects of that universe. It cannot give pat answers to Mr. Chamberlin, Mrs. Robinson, or Mr. Keynes. In this stage psychology is important. Perhaps it should be noted that when Jevons derailed the car of economic science, he used psychology as his lever.

Synthesis of Veblen and Freud was the more easy, explains Mr. Gambs, since both got some of their ideas from the same sources—legends, magic, animism, and ceremonial of primitive man. And both held certain methodological principles in common. This new derailment of the car of economics profoundly affected the subjects of its interest. "The unit of study now is protoplasm rather than prices; the subject is human behavior rather than the behavior of money or a unit of fertilizer or a dose of capital; the mathematics

appropriate primarily to nineteenth-century physics are discarded in favor of the mathematics applicable to biology; *rent is the income of a person, not the special contribution to production of a piece of land.*"

In brief, among the questions that institutional economics asks are the early, elementary questions—the ones whose answers are almost the axioms of standard theory. What gives organization—such as it is—to the economic world? Are the concepts of supply and demand useful? Why is work a pain instead of a pleasure? Why is consumption a pleasure instead of a pain—especially the consumption of high heels, corsets, high stiff collars, and similar admittedly uncomfortable contrivances? . . .

On an entirely different level of analysis one might, however, ask pertinent psychological questions. Why did the migrants choose the uncertainties of sea and wind and weather when they might have improved their economic condition at home by political action? Why did they not foresee that the personal risks of political action at home would not be appreciably greater than the risks of migration, in which new settlements were virtually wiped out by disease, famine, cold, and the arrows of the natives?

The answer to these profound questions, Institutional Economists say, is to be found in the basic idea, common to the two great men who have influenced their thinking—the *opposition of constructive and destructive elements in human nature.*

The Veblenian dichotomy, business and industry, finds a parallel in the Freudian polarity, destructive urges and constructive urges.

The progress of the struggle between these two basic tendencies of human nature is the study of the new science of economics, and upon the result of our study depends our outlook on the world—whether we view it optimistically or pessimistically. We cannot go into the details of the course of the struggle platted by the Veblenians, even as summarized by Mr. Gambs. Suffice it to say that according to Veblen the constructive elements in human nature, *The Instinct of Workmanship*, itself generates the evil or destructive element of human nature. Mr. Gambs has told us, however, that Veblen was an optimist, and, of course, the constructive element had to win out in the end. Applied to our present day economic problems, the Veblenian—Institutionalist position is stated thus by Mr. Gambs:

Veblen is not too clear about some of his ideas under these headings—and it is interesting to note that Freud, at least in his earlier work, is rather weak at the same point—but it seems safe to say that Veblen assimilates the contaminated instincts to coercion, aggression, warlike propensities, predation, effrontery—and, for the present stage of human development, to the motives underlying *pecuniary pursuits.*

We may restate the Veblenian position, then, by saying that men at this historical juncture are pursuing two types of economic activity: constructive

or industrial and pecuniary, or aggressive and coercive. In all this, it will be noted, Veblen does not rely, as James did, on a host of special instincts (like that of licking sugar!). There is, in fact, only one instinct—and its contaminated part. We have, indeed, polarity and monism rather than dichotomy and pluralism. Workmanship leads to animism; animism invites a congeries of destructive tendencies. . . .

Today, the appropriate contamination of the instinct of workmanship is pecuniary enterprise. Now, man might go on eternally altering his economic system without ever making any substantial progress, for his creative propensities would always be frustrated by some appropriate contamination. If we could only get rid of this perennial contamination, Veblen must have said to himself, the constructive instincts would dominate the lives of men. He therefore examines with great care industrial employments and observes that they differ from all other methods of production that have preceded. He postulates a sort of mechanical determination and finds that the machine imposes a discipline, imparts a notion of process, inspires a realistic, matter-of-fact attitude towards life in general. The machine tends the man, as it were, and robs him of any desire for aggressive or animistic control. Thus, after scores of thousands of years, we are on the threshold of an era in which the creative instinct can learn to function without contamination among that great mass of the population which is subject to the machine discipline, engineers and factory workers, particularly. When this comes to pass, man will have laid the basis—I should like to say the moral basis—for achieving a state resembling utopia—a sort of industrial republic that Veblen nowhere describes in detail.

It should be noted here that Mr. Gambs' analysis is based on Veblen's early writings when Veblen was still strongly under the influence of nineteenth-century theories of progress and evolution. But by the time Veblenianism became "Institutional Economics" the "climate of opinion" had changed considerably under the stress of circumstances. This led to a bifurcation of "Institutional Economics" which we shall encounter again further below. At this point it is important to call attention to the fact that Veblen lived in a period of transition—the transition from nineteenth-century rationalism and fate in scientific progress to twentieth century irrationalism and the deprecation of science, except as a kitchen utensil, in the larger scheme of things. Veblen's analysis was a bridge between these two epochs. Mr. Gambs has missed this point; but Veblen's vacillation between the two attitudes leads him to ask: "Where is our 'evolutionary' scientist now, and where the Veblen who rebuked Marx for his Hegelian 'point of departure?' Veblen's vacillation could have only one result in the new climate of opinion: the complete abandonment of any attempt to construct science of economics or to make economics a part of a real science. Commenting on this new development in Institutional Economics, Mr. Gambs writes:

Neo-Veblenians are well aware of the criticisms made by Homan and others that they have not developed a rounded theory of economic life, that their work is monographic and dedicated to special problems. They do not seem to be much bothered by this criticism, for various reasons. They apparently feel that any rounded theory must be based on an accumulation of facts or factual studies so broad that more time is needed to build up the groundwork; it is premature to theorize. Also, they probably believe that science is too vast to be confined by a few hypotheses; there may be useful general statements, *but their integration is, even eventually, impossible*. Institutionalists probably do not realize how often they fall back on the "laws" of standard economics; in other words, they dodge creating theories of their own by using, more liberally than they realize, the theories of standard economics. Finally, they are persuaded both by their pragmatism and by their genuinely humanitarian bent that as much solid work is being accomplished without theory as could ever be accomplished with theory. Their work is thus monographic and distinguished by atomism.

But the complacency which led to "atomism" in economics has given way to the irritation of frustration during the period of storm and stress which followed the Harding-Coolidge era. Hence, the renewed attempt to rebuild the shattered structure of the science of economics which has so far resembled the building of a Tower of Babel. Hence also the bifurcation of Institutional Economics referred to above. One of these forks is represented by the atomists whose inspiration comes from the only real economist of that school, Wesley Clair Mitchell, whose remarks on the youth of the science of economics struck Mr. Gambs as significant, as noted above. As to the contribution of this branch of the Institutional School of Economics to the "science" of economics Mr. Gambs has the following to say:

One is almost tempted to say that most of the contributions to economics made by institutionalists add up to high-grade clerical work and, with Chaucer, to note that 'the greatest clerkes ben not the wisest men.' Though their techniques be admirable, theoretical progress since Veblen has amountd to very little, or even less. The cautious methods of the neo-Veblenians, however impressive they appear—and in a limited sense they are most impressive, indeed—seem to have the fatal defect of shackling thought—*shackling rather than disciplining or inspiring it*.

The other branch of this school—the utopian branch—is represented by another writer mentioned by Mr. Gambs, Prof. C. E. Ayres.

Prof. Ayres' book differs both in substance and in method from that of Mr. Gambs. Where Mr. Gambs is a critical analyzer, Prof. Ayres is a faithful follower; and he followed faithfully all of Mr. Veblen's vacillations imagining that he is pursuing a straight line. Needless to say,

his book is not a reappraisal of Institutional Economics, but an attempt to revamp Veblenian theory so as to put it in a more modern garb. This task was made rather easy by the master himself, who began with a "human nature" tendency, the "instinct of workmanship," and wound up with the Marxian notion of an industrial mode of living—a horse of an entirely different color and belonging to a different social locale. The "instinct of workmanship" properly belongs in the home of the artisan of the pre-industrial era and is utterly unsuited to the kind of place and the manner in which the modern factory worker participates in mass production by means of the conveyor belt. Prof. Ayres begins where Veblen left off. The "instinct of workmanship" becomes the Development of Technology. For the rest we have the old trappings of Institutional Economics: the dualism between Good and Evil, the Development of Technology. The Principle of Goodness is hampered in its progress by the complex of evil genii with which we are familiar from Veblen's writings. There is, however, a marked shifting of the ground when we come down to our own era: where Veblen was rather vague and illusive—due presumably to his lack of interest in economics—Prof. Ayres becomes specific. Our difficulties are not due to anything relating to evolution but to a particular kind of Error embodied in Adam Smith and David Ricardo, who seemed to be the twin fountain-heads in our difficulties during the past century and a half. The New Enlightenment makes its entrance with the following announcement which is the opening paragraph of Prof. Ayres' preface:

The purpose of this book is to set forth a new way of thinking about economic problems. The time will come when we shall see that the root of all our economic confusion and the cause of the intellectual impotency which has brought economics into general disrepute is the obsession of our science with price theory—the virtual identification of economics with price analysis to the almost total exclusion of what Veblen called the "life process of mankind." And he adds:

Economics is by no means the only science in which *ancient fallacies persist*, but it is unique among contemporary studies in being the only one in which eighteenth-century (and earlier) habits of thought define the prevailing tradition. All this has been said before, indeed many times, but still not often or convincingly enough—so it would seem, since the *tradition still prevails*.

This uniqueness of our science is not due to such antiquated notions as, for instance, the prevailing mode of production in which classical political economy has had its source and development.

The amazing persistence of the classical tradition—says Prof. Ayres—illustrates something more than 'the power of the dominant economic class to

deflect a social science from its straightly rational course into supplying intellectual and moral supports for special group interests.' It is no less clearly a manifestation of extraordinary intellectual toughness and resiliency. How else shall we explain the demonstrated ability of this way of thinking to absorb its critics?

The answer to this question lies in the evil genius of Adam Smith and David Ricardo who, between them, managed to bedevil our thought for a century and a half.

Our economic thinking—Prof. Ayres assures us—has centered upon price for one reason and only one: the significance which has been imputed to the price system by the theories of Adam Smith and Ricardo, "the argumentative Scot" and the "stupid bothering stock-broker." . . . *Inevitably they had to work with the intellectual materials at their disposal, those of the seventeenth and eighteenth centuries, the inadequacy of which has long since been recognized.*

So much for Prof. Ayres' "scientific approach" to our subject. And now a word as to his canons of criticism—canons which he employs throughout his first book, comprising roughly one-third of his volume, in which he demolishes what he calls "the Classical Tradition."

Of all the rubrics of classical theory competition is perhaps the most extraordinary. What this word has reference to is presumably the struggle for existence on the economic level. As such it is red in tooth and claw. The life of the competitive business man is one of unremitting asperity and subterfuge, and this is not only true of the great barons of the business world. For sheer meanness, deceit, trickery, subterfuge, and intrigue the *corner grocer* has no equal. . . . Furthermore to suppose that monopoly and competition are 'natural' opposites or contraries is the height of absurdity. The ambition of every competitive business man is to put his rival out of business and absorb his trade. Conspiracy to this end is not confined to the skyscrapers of the New York financial district. Every butcher and plasterer has his "friends." And all this is a matter of common knowledge. To be sure, every particular act of petty knavery is more or less concealed from public view. But ten days' apprenticeship in any competitive establishment would be sufficient to open the eyes of the inquiring student to the character of competition.

Needless to say, with the application of such canons of criticism the net result is, in Mr. Gambs' expressive phrase, less than nothing. Turning from his criticism of classical theory to the exposition of his own theory, we again encounter the negative attitude. Having disposed of the "price system" somewhat light-heartedly, Prof. Ayres proceeds to dispose just as light-heartedly, even though with somewhat more justification, of the problem of the individual.

Most particularly—affirms Prof. Ayres, with his usual emphasis—this is to deny that social patterns derive from or can be explained in terms of the behavior of “individuals.” The dilemma of the individual and society has been a particularly troublesome one from which science has begun to extricate itself only within the past generation; and yet the difficulty is not intellectual. The relationship of the individual cell to the organism offers an exact analogy. Every function of the body is in fact performed by a multitude of individual cells without the action of which it could not occur. No one denies this. Nevertheless in the analysis of organic functions the individual cell is irrelevant. The functions of the organism constitute another level of generalization to the analysis of which the actions of the individual cell do not pertain.

Needless to say, the persistence of the “individual” in the discussion of social pattern was due to error. But there is no personal devil in this case as in the case of the “price system.” We are dealing here not with individuals but with the Principle of Evil: “A compulsion neurosis, inspired by immemorial tradition, has perpetuated a fixation on the human individual to the confusion of cultural analysis.”

Having located the source of our difficulties, Prof. Ayres proceeds to discuss the immediate problem before us thus:

For the student of economics, then, what is at issue on the level of generalization of cultural analysis? Anthropologists study kinship systems; taboos, ceremonials, and esoteric rites; the lore of myth and legend; collections of artifacts representing material culture traits. Sociologists study primary and secondary groups; family, neighborhood, region, and the like. Political scientists study governments. But what do economists study? The textbooks have an answer ready: the activities in which men engage in getting a living. But these glib phrases with their plausible citation of the common tongue commit the error for which economists have so often had occasion to reproach themselves, that of defining the problem on the individual level and then raising it to the cultural level by a sort of algebraic multiplication the way a variable is raised to the n th power. The question still remains, What social functions and activities are included in “getting a living?”

Substituting “getting a living” for an analysis of the capitalist system has an enormous advantage, since it transfers our inquiry from such bothersome subjects as, let us say, the growth of large aggregations of capital at the expense of small business, the “business cycle,” and other acute present day problems, to the comparatively quiet waters of remote antiquity and the “birds-eye views” of countless ages and millennia where the ups and downs of actual life disappear and the theoretician has comparatively smooth sailing.

The business of “getting a living”—explains Prof. Ayres—includes both these functions. That is, it includes activities of a technological character, and it

also includes activities of a ceremonial character; and these two sets of activities not only coexist but condition each other at every point and between them define and constitute the total activity of "getting a living." It is the problem of economic analysis to distinguish and understand these factors, and their mutual relations, and the configurations of economic activity for which they are responsible. The great economic pioneer, Thorstein Veblen, was the first to see this clearly and to make this analytical distinction between technology and ceremony the point of departure of all further economic analysis.

"Technological activity" is the Principle of Goodness. "Ceremonial activity" is the Principle of Evil.

It is the peculiar character of all technology, from chipped flints to Boulder Dam and Beethoven's quartets, that it is progressive. *It is inherently developmental.* This circumstance which gives technology its peculiar importance in the analysis of culture—and most of all for economists—also can be understood only in terms of tools. If we limit the conception of technology to "skill," we are at once subject to great risk of conceiving technological development as the growth of skills; and since skill is a "faculty" of "individuals" we are pre-conditioned to think of the growth of skill as in some sense an increase of this faculty on the part of individuals. But we know nothing of any such increase.

That is what makes it so hard for economists of the traditional way of thinking to understand the technological principle. They understand the crucial importance of the issue. Since Veblen first began to write, it has been apparent that some sort of claim was being made for technology as a master-principle of economic analysis. This claim was seen to rest on the peculiarly dynamic character of technology as itself inherently progressive and the agent of social change, in particular the agent of industrial revolution. As one of the most thoughtful of contemporary economists has remarked, this whole way of thinking "assumes for technology some kind of inner law of progress of *an absolute and inscrutable* character," as well as "some equally absolute and inscrutable type of 'causality' by which technology drags behind it and determines other phases of social change."

So much for the Principle of Goodness. And now for the Principle of Evil, in the discussion of which Prof. Ayres encounters some difficulties which he did not encounter in the discussion of the Principle of Goodness. Not that the Principle of Goodness explains the actual cause of events. Particularly that part of human history with which we are here concerned, the Industrial Revolution in Western Europe. That, Prof. Ayres confesses, is still an enigma. But enigmas do not worry Prof. Ayres—they are brushed aside as easily as the "price system," once he managed to find the Principle of Goodness. Unfortunately that is not so easy when it comes to Evil. There does not seem to be any possibility of such concentration there. There are so many "Institutions" to deal with, and Prof. Ayres gets quite lost among them. As a result we find him making the curious assertion that "ownership," that is to say

property, is only a "secondary" institution on a par in its social consequences with *couvad*. But, by way of compensation, he has found an institutional devil which explains somewhat, if not quite, the "enigma" of modern Western Industrialism.

Our concern—says Prof. Ayres—is with industrial evolution, and from this point of view the church must be recognized as the spearhead of institutional resistance to technological change. Under the leadership of the church, feudal society opposed and interdicted all the great innovations of which industrial society is the outgrowth; but that opposition was ineffective—from the point of view of industrial evolution, happily so—and its ineffectiveness was due not to any pronounced difference of temper and intent which might be conceived to distinguish Christianity from other creeds but rather to the fact that it was after all an alien creed which bore much less heavily upon the Western peoples than did Islam upon the Arabs, Hinduism upon India, or Confucianism upon China.

This statement may startle some students; particularly those who are familiar with the role which the Arabs have played during the middle ages as the carriers of civilization and particularly as the carriers of that trade which ultimately merged with our own "Commercial Revolution" which was the prelude to our Industrial Revolution. But such little matters as the details of modern history, or any history for that matter, do not worry Prof. Ayres who, like his master Thorstein Veblen, is chiefly concerned with anthropology. Not that that field is free from difficulties. The difficulties in that field gave Prof. Ayres real concern. He therefore enters upon a long disquisition of William G. Sumner's theory of mores which he considers "basic" to our subject. The contradiction in which that theory involves those who are interested with the question of progress—including those who are interested with economic progress—does not escape him. But in the end he falls back on his theories of evolutionary "drags,"—Technology, as the Principle of Goodness, just drags all of human development along to that happy state which is our present condition, auguring so well for our future. This new "scientific" theory of progress is thus stated by Prof. Ayres with his usual care and precision:

This total activity, as we know, has undergone progressive development throughout human experience. All that we can now do is done by virtue of that progressive development. Progress is the continuation of this process. We speak with certainty of the progress of aviation, meaning that better planes are built now than formerly—better in the sense of larger, faster, stronger, lighter per horsepower, and so forth. This judgment is valid quite without reference to the "ends" for which planes may be used. The fact that some people are using planes to kill other people is quite as irrelevant as it would be for a hardware

merchant to inquire whether a hammer is to be used to bash in someone's skull before venturing an opinion which is the better of two hammers. In the same sense the judgment that the progress of aviation is a part of a general progress is a valid judgment. . . .

Even so, the question still remains whether conflict and disorder are in fact becoming more general and catastrophic. If they are, progress is nullified irrespective of the distinction between causes and directions. But on this point the evidence is conclusive. Current pessimism to the contrary notwithstanding, population has increased tremendously throughout modern times. To be sure, this is no positive guarantee that it will continue to do so throughout the indefinite future, but neither is there any conclusive evidence that it will cease to do so. If the present disorders were unique, the situation would be rather more terrifying than it is. The very fact that they are not unique suggests that we must judge future probabilities in terms of an experience in which disorders such as the present ones have nevertheless been accompanied by *continuing increase of population*. It has been said that wars have been increasing in frequency throughout modern times, but in that case they must have been decreasing in violence—appearances to the contrary notwithstanding—since throughout the same period population has unquestionably increased. . . .

What the evidence shows is that humbug, cruelty, and squalor have been decreasing for the population as a whole throughout modern times as they have been decreasing throughout the history of the race. No one seriously advocates turning back the clock to the day when Plato dispensed sweet wisdom to a few disciples while all the rest of the world lived in fear of evil spirits, or to the day when theology was most angelic and the clergy lived in open concubinage, lords enjoyed first night rights with every bride, and no man was safe from violent molestation or from smallpox, typhus, and starvation. In spite of all sentimentality and all the intellectual scruples of scientific caution, we are all committed by the whole continuous series of everyday judgments and activities to carrying on those achievements of tool and instrument, hand and brain, the genuineness of which no one really doubts. . . .

It is from the pattern of this continuing activity that the idea of progress derives its meaning. Nevertheless this meaning can be projected into the future. If the progressive advance of technology means a similarly cumulative diminution of the extent and importance in the affairs of the community of superstition and ceremonial investiture, then the projection of this process into the infinitely remote future would seem to reveal an "ultimate" condition of complete enlightenment and efficiency wholly devoid of mystic potencies. Such a state of affairs is perhaps difficult to imagine, and yet these phrases have a familiar sound. This would be in effect a classless society, one in which as a consequence of the withering away of the state (that is, the whole institutional scheme of rank and privilege) all prerogatives of status would have disappeared. It would be a society in which men and women would go about their concerns with the simple innocence of little children, one in which the lion and the lamb would lie down together in common amity.

Thus we have arrived at utopia by the simple process of overlooking

the course of history in our present troubles. Prof. Ayres finished his book before the explosion of the atomic bomb at Hiroshima and Nagasaki. But it may be confidently asserted that he wouldn't have changed a syllable or an iota of his book had those explosions occurred while he was writing it. If anything, the atomic bomb, to this utopian mind engaged in the writing of escapist tracts, is merely another proof of continuity of progress. For isn't the atomic bomb bigger and stronger than anything that has ever been known before?

II.

MR. PICKWICK ON THE TROUBLED STATE OF OUR ECONOMY.

Economic Stagnation or Progress, by Swanson and Schmidt. (McGraw-Hill 197 pp., \$2.50).

Scholars may find a way of escaping our present troubles by retiring to their ivory towers. But businessmen cannot shake off their troubles so easily; and their troubles seem to grow rather than diminish. Time there was when our businessmen had such great confidence in what Professor Ayres calls the "price system" that they did not need any assistance from without, believing that they, themselves, were well able to take care of the situation. But those times are past; and so they turn, in their perplexity, to the professional advice of professional economists.

The book under review, we are told in the preface, is the result of such consultations. It so happens that the businessmen in question were not only businessmen but students of economics, and they were, therefore, troubled not only by the condition of their business, but also by the condition of the science of economics. Specifically—

These businessmen understood a number of economists to say that our American economy was mature, stagnant, and senile; that the lack of investment opportunity caused our money savings to lie around in idle pools, causing a break in the total demand for goods and services; that, therefore, deficit spending by government on a more or less continuous basis was necessary to sustain prosperity.

The professional advice given by the authors of the book was to the effect that the businessmen needn't be alarmed either as to the state of our economy or as to the state of the science of economics. As to the latter, they had to admit that the reigning school of economics, the so-called Keynes-Hansen school, actually taught the doctrine which so

disturbed the businessmen. The tenets of that school were not the result of careful economic thinking, but rather of political predilections or pressures.

Rather than reconstruct the enterprise economy along the lines established by thinking students of economic principles since Adam Smith, there is an easy way to the heart of the electorate: governmental paternalism.

Our authors, therefore, set out to prove by quotation from economists whom they believe to be engaged in real economic thinking, and by their own comment, the fallacy of the stagnation theory and of the dangers to our system involved in the resort to "governmental paternalism."

Small wonder—say our authors—that the traditional liberalists, the believers in enterprise, are deeply concerned. Under the hypnotic trance of political slogans we of the new world carefully move toward the collectivism that brought on the Second World War.

In view of the grave dangers with which we are confronted as a result of the ascendancy of the theories propagated by the Keynes-Hansen school, our authors address themselves to the task of exposing the fundamental errors of that school. On the central problem of economic spending, our authors appeal to both ancient and recent history.

Deficit spending—they write—is an ancient, if not an honored, custom. There is substantial evidence that pre-Christian Era governments quite generously indulged in it. It is thus known that Solon, the Grecian lawgiver and sage, fought for reduced interest rates so as to alleviate the suffering of Grecian peasants of that day. A then mountainous debt burden had placed them in serious straits. However, rather than to correct the fundamental maladjustments brought on in no small part by a misdirected fiscal policy of the Athenian government, the Greeks allowed these underlying conditions to become cumulative. Pressure groups were able to force through laws giving them advantages over those less well organized. Deficits were the order of the day. When Rome took over Greece, Roman politicians, too, from their own standpoint found certain "virtues" in a large debt. There is some evidence that eventually its taxes were unable to keep pace with the rising debt. And as interest rates rose to unprecedented heights, the populace demanded more concessions and finally forced a drastic change in the republican government. Not long after, its government forced into economic action inimical to commerce and trade, the Roman Empire began its decline.

And they add, sorrowfully: "Since those dark years history has repeated itself more often than is realized; deficit spending has occurred in various settings. Each time a new rationalization of it has been

involved. In our time, too, the rationalization is probably just as unique and as plausible as former rationalizations appeared to the people of those previous times." But, of course, the results were as disappointing as usual. "During the last five years federal and state governments have taken many billions of dollars from the well-to-do and given the money to relief recipients and to the indigent employed by the WPA, the PWA, or the CCC, but the redistribution of income has lamentably failed to revive the 'capital-goods' industries." Our authors, therefore, conclude that: "In practice, as well as in theory, the redistribution hypothesis, when weighed in the balance, is found wanting."

But the proof that deficit spending is not the remedy does not help the poor businessmen in their plight. The attempts to diagnose the ailment and the search for a remedy must continue. Our authors, therefore, turn to discuss another position of the Keynes-Hansen school—the assertion that deficit spending is only avoided in an expanding economy based on technological progress.

In certain skills—say our authors—the opinion is widely held that full employment is dependent upon industrial expansion and the development of new industries. Alvin H. Hansen voices this view when he says "We must fall back upon a more rapid advance of technology than in the past if we are to find private investment opportunities adequate to maintain full employment."

A careful perusal of the records of unemployment in different countries would readily prove the highly erroneous nature of its assumption. The figures show clearly that countries in which capital investment per employee is low have little unemployment, while prosperous, highly capitalistic countries have much unemployment.

This sounds very ominous, but we need not be disturbed too much by it, for it is not the capitalistic system that is at fault but certain of its recent developments, which we must seek to eliminate. Referring to the argument that the cause of our economic ills is a deficiency of purchasing power—which is another basic position of the Keynes-Hansen school of economics—our authors opine:

Obviously, any amount of purchasing power will buy all the products of the world, provided the prices are low enough. It follows that, when an industry is stagnant and those usually employed therein are idle, it behooves one to examine the prices at which the industry is attempting to sell its products. This test may well be applied to the industry pre-eminent in the McLaughlin-Watkins study, namely, steel. They show that in recent years it has appeared decadent despite the remarkable improvements in the technique of production described by Weintraub. A glance at steel prices shows one of the principal reasons for this situation.

Despite the fact that between 1929 and June, 1937, the United States Bureau of Labor Statistics' wholesale price index fell from 95.3 to 87.2, the general index of the Bureau's iron and steel prices, which stood at 94.9 in 1929, rose to 99.7 in June, 1937, and to 101.8 in May, 1938. The structural steel price index which stood at 98.1 in 1929 likewise rose and reached 114.9 in June, 1937. With steel prices held at levels entirely out of line with the prices of other goods, is it surprising that Pittsburgh is troubled with unemployment?

But why are steel prices held above the general level? The answer to this query is the crux of the whole matter. It may be given in two words—custom and monopoly. Custom leads manufacturers to maintain selling prices and laborers to maintain wage-rates *in the face of falling demand*. When custom is reinforced by gentlemen's agreements and supported by a powerful labor monopoly like the C.I.O., it is easy to see where the trouble lies. Real wages per hour in the steel industry are now far above the 1929 levels. Despite the decline in the cost-of-living index from 100 in 1929 to 86 in 1938, the basic hourly wage-rate paid to *common labor* by the United States Steel Corporation rose from 50 cents in 1929 to 62.5 cents in 1938.

Clearly, the steel industry has refused to pass on to the public any of the economies made possible by the remarkable technological improvements described by Weintraub.

"This policy of maintaining high prices for steel products has certainly not proved profitable to stockholders in the steel-producing companies, for, in recent years, net earnings in that field have been very low, and dividends conspicuous mainly by their absence. The only beneficiaries of the policy have been those few wage workers who have been fortunate enough to secure activity in the industry. By maintaining high monopoly wage-rates they have profited at the expense of the public and of their less fortunate fellow-employees. . . .

What is true of the steel industry is likewise true of most branches of manufacturing. Production is at a low level *mainly because labor monopolies* have forced up the cost of manufactured products to such an extent as to reduce seriously the volume of sales. With wage-rates lowered to a reasonable level, prices of manufactured products would fall, and private industry would quickly absorb the entire available labor force. Under such conditions there would be no necessity whatever for calling upon government to intervene to take care of the unemployed. The whole question, therefore, resolves itself not into one of maturity of industry, but solely into one of price—*primarily the price of labor*.

We have at last arrived at the real purpose of the book, which was not to combat "governmental paternalism," but the kind of governmental intervention which does not permit our laissez-faire paternalist businessmen to depress the price of labor at will.

Perfect competition in the sense of everybody being placed on exactly the same basis—confess their professional advisers—is obviously impossible, nor is it an absolute necessity, but an approximation thereto—a *workable competition*—should be sought.

In seeking such a "workable competition," semantics must not, of course, be neglected. So, we shall call governmental intervention which seeks to protect labor or the public in general "governmental paternalism"; while governmental intervention which helps enterprises is to be henceforth labeled "individual initiative and free market."

A program for the establishment of the free market, however—say our authors—is not accomplished overnight. Many legal and institutional changes must be made; *involved is a process of long-run planning of government action to maintain private investment.* In the interim it is still essential to ameliorate marked deflationary or inflationary economic aberrations and monetary-fiscal policy must be invoked and designed to aid in this purpose as well as to hasten the establishment of the free market.

To provide a theoretical basis for this practical program our authors quote a National City Bank Letter as to the "primary function" of an economy as follows:

The Primary Function of an economic system—under which the welfare of the individual has been bettered throughout history—*is not merely to provide jobs*, irrespective of the cost and usefulness of the work performed, but to produce an ever more abundant supply of the goods and services which people want, at ever increasing efficiency and declining relative cost. Only a system which accomplishes this will raise living standards and promote the welfare of its members.

Having determined that the "primary function" of an economic system is not to provide employment for the members of the society involved, but to produce goods at ever increasing lower prices, it becomes evident that the first article on a program of action is to do away with "monopolies"—*primarily the "monopoly" of labor unions.* Our authors, therefore, proceed to quote Mr. Thurman Arnold, the famous monopoly buster, as follows:

For the past ten or twenty years, and I don't blame this on the Democrats because I have heard more of it from Republicans and business than any other source, we have been obsessed with the economics of security. We have been thinking of stabilizing profits, keeping a fool from losing his money, social security, ironing out depressions, creating a situation where anybody who remained sober and didn't run off with somebody else's wife was assured of a comfortable old age.

But they hasten to warn us that while all monopolies must be busted, we must be careful not to bust the businessmen's monopolies too much. "The goal of enforcement (i.e., enforcement of the anti-trust laws)

must not be to make little business out of big business, but big ones out of little ones." Nor must our aversion to "security" lead us into depriving the businessmen of the security which they are clamoring for, according to Thurman Arnold.

The issue—our authors say—is not a question of the restoration of free enterprise in the derogatory sense employed by many of the opponents of society of free individuals. It is in reality the question of how much security and progress we can have and still belong to a free society. We may shift to society some risks of the individual by means of a better organization of those government services that aid enterprise, through the improvements in monetary-fiscal policy, through the enforcement of anti-monopolistic laws, and through such measures as will improve the operation of all markets for goods and services.

In other words, our anti-"security" attitude and our anti-"monopoly" program must be directed, in practice, against labor only.

Price and wage policy—say our authors—if there is to be such a policy, must be consistent with the level of employment desired. If not, such a level will not be reached, except by the accident of a major shift in price expectations.

"Full employment may have economic content along two lines. It might be regarded as the opposite side of the coin, 'the right to work'; it represents the duty that must fall upon all in a money-exchange economy who exercise that right, whether employer or employee, *not* to prevent anyone from working if he desires. Should some *conspire not to work other than at a wage level set by monopolistic action* or, likewise, should some conspire not to hire others than at a fixed wage level, those conspirators fail their duties to society.

And again:

The design of a workable and effective anti-monopoly policy that gets down to the essential cases is of paramount importance. The program of the Department of Justice must be made more purposive, not simply to bring action where there may be cause, on a strict interpretation of 'restraint of trade,' but to attack restrictive practices more in the light of how they prevent economic expansion. Open access to the goods, capital, and *labor markets* must be restored. *Free entry is the best antidote to monopoly.* . . . The need for new legislation is minor; the greater need is wiser enforcement, 'wiser' in the sense that enforcement be *redirected* in a way to leave the least amount of uncertainty about the nature of government action and policy. . . .

In a free society labor restrictions of production can hardly be countenanced any more than can business restrictions of production for monopolistic purposes. *Labor-union policy that forces wages out of line with those wages that would prevail were there free entry of labor* into occupations is antisocial, particularly if there is no clearing of the market for labor.

Such is the denouement of a book which starts out to be a critique of the Keynes-Hansen school as based on fundamental error and to prove the utter futility of "governmental paternalism."

III.

RIP VAN WINKLE GOES TO TOWN.

Full Production Without War, by Harold Loeb (Princeton University Press, 284 pp., \$3.50).

Like Messrs. Swanson and Schmidt, Mr. Loeb begins by telling the story of his book—which appears to be quite different from that of "Economic Stagnation or Progress." The latter was written in the midst of the greatest of all wars and the fear of the greatest of all depressions; while Mr. Loeb's book had its inception just after the world had been made safe for democracy, and economic life was apparently entering upon an untroubled course.

In those halcyon days, it will be recalled, Hermione and her Little Group of Serious Thinkers used to meet on the banks of the Hudson to discuss the state of the world. It appears that their discourse ran mainly on the theme "What Fools These Mortals Be."

In the land of the Mentawei, rice cannot be cultivated nor milk cows tended because there are so many feast days during which no work is performed. As a result, the people of this region do not live as well as do their neighbors.

In parts of Europe, America and other places where technology has reached an advanced stage, commodities which could be produced are not produced because of unemployment. When this occurs, the people of these lands are deprived of needed goods and services, and at the same time support would-be workers in idleness.

The irrationality of this latter conjunction impressed me as far back as I can remember. In 1920 and 1921 we used to discuss it—Stuart Chase, Howard Scott, myself and others *who glimpsed the potentialities for general well being contained in modern scientific procedures.*

Our author's first reaction to this deplorable state of irrationality took the form of a "phantasy" à la Bellamy:

I indulged in a phantasy which attempted to envisage what conditions would be like were men, machines, resources and knowledge fully utilized along the lines suggested by Howard Scott. Since I did not share the technocratic conviction that a dictatorship was required in order to sustain produc-

tion, nor troubled at that time to delve either into statistical relationships or economic theories, the sketch paralleled in many ways the earlier forecast of Bellamy which I had not previously read.

Shortly afterwards, technocracy blazed across the horizon and exploded. I concluded:

1. Technocracy's primary tenet—that the manpower, resources and knowledge existing in the United States were sufficient to provide an ample living for the total population—was probably sound.

2. The idea had captured the imagination of the public at a time of unsettled thinking because it placed a promise of plenty and security on a foundation putatively scientific.

3. The exposures of the fact that technocracy rested on a mystic pedestal, although it had been put forward as the product of scientific research, had made it seem ridiculous and caused it to fade out quickly.

I decided to check the primary tenets by whatever data were available.

The result of this checking was that our author became satisfied that Mr. Howard Scott's "primary tenet" was quite correct, as was proven by the "Chart of Plenty," published in 1935 by the National Survey of Potential Product Capacity, of which our author was the director. But the problem of Human Folly, which occupied the Little Group of Serious Thinkers long before the appearance of the "Chart of Plenty," still remained to be solved. The study of economic theory, which Mr. Loeb confesses to have neglected prior to 1920-21, might have helped. Instead, however, Mr. Loeb chose to indulge in another phantasy—with the result that he has produced a book which "parallels in many ways" a book on economics but actually contains all the mysticism of Mr. Howard Scott's original compositions on technocracy with an admixture of Major Douglas' Social Credit ideas which flourished about the same time that the Little Group of Serious Thinkers was holding its sessions.

It would seem that at about that time our author went into a trance, so that he saw the strife of the ensuing period "as through a glass, darkly," and the turmoil of the market place and of the academies reached him only as echoes of far-away voices. Keynes, for instance, who made quite a noise during the twenty years which elapsed between the time when Mr. Loeb first became aware of the "irrationality" of our economic system and the composition of his book, is only mentioned casually, and Mr. Hansen not at all. Not only has he been completely asleep during the first decade of the Keynes-Hansen reign, but he is even now not fully awake to its significance. He does not, therefore, join in the Swanson-Schmidt effort to refute their theories. He just ignores them—as he does much else that has troubled the academic world while he was dreaming his phantasy. There is good reason for that: To Mr.

Loeb economics means classical political economy; and that has received its final form in the works of Marshall, Edgeworth and Pigou. As is well known, much that has troubled modern economics never disturbed the equanimity of classical political economy, for the simple reason that it did not recognize the possibility of economic crisis. During the latter part of the nineteenth and the early part of the present century, when the existence of crises could no longer be denied, the neo-classicists evolved the theory of the business cycle—a sort of succession of economic seasons, which may need to be studied in order that we may know how to “adjust” ourselves to them—what clothes to wear at what time of the year—but need not be a possible cause for worry once we knew how to recognize their advent and were properly prepared for it. Besides, we were assured by the same authorities, that the cold of the winters and the heat of the summers were both diminishing, so that there were no violent oscillations from heat to cold to be expected in the future.

The great crisis which came upon us in 1929 and the great depression which followed it upset these nice theories and led to the revolt which ushered in the Keynes-Hansen reign. This, in turn, gave new impetus to the study of the “business cycle” even among those who still clung to the notion of the existence of such a “cycle,” resulting in a flood of books and articles which kept the printing presses busy and the pages of academic journals filled. But all of this passed unnoticed by our author. He not only still clings to the notion of a business cycle, but in the long chapter devoted to that subject in the book under review there is no mention of the names which have become familiar to the students of the subject. Needless to say, there is no reference to the problem of economic stagnation which worried not only Mr. Hansen but also Messrs. Swanson and Schmidt and their businessmen clients. And again the reason is simple: While Mr. Loeb accepts the basic tenets of classical political economy, he recognizes that there is a *flaw* in it—or, rather, in its *exposition*. Like Professor Ayres, he ascribes the difficulty to the baneful influence of David Ricardo, the only point on which the two are in agreement. And since this is a family affair, so to say, to be settled within the family of classical economists, there is really nothing to get upset about; although we may still wonder about the human folly which produces such “taboos” as those of the Mentawai and classical political economists.

The particular “taboo” of the classical political economists is that of “Effective Demand.” Otherwise, all’s well and God’s in his heaven.

In a very real sense—says Mr. Loeb in the concluding paragraph of his book—the United States is dedicated by its founders to individual freedom. Probably no great society has gone farther towards achieving this idea. Notwithstanding this triumph, large segments of the population have of late been deprived in effect of the exercise of freedom by the yoke of unemployment. Could the monopolistic competitors which pace the economy *be released from the arbitrary limitations which now erratically and unnecessarily curtail their output*, not only would everyone be privileged to function as a matter of course, but the competent would receive in return a satisfactory living with spots of leisure, and sometimes a great deal more. In such a society each individual would have scope to exercise his constitutional liberties. Thus the dream of a free society which has sustained successive generations of Americans would be brought appreciably nearer realization.

It will be noted that it isn't the "monopolistic competitors" that are at fault, but the limitations which are placed upon them. And in an earlier portion of the book Mr. Loeb has told us that "The widely-held belief that production is held down in order to augment profits evidently is erroneous." The limitations placed upon the "monopolistic competitors" *are* placed upon them, we are told, by the "taboo," or our misunderstanding of the amplitude—or, rather, possible amplitude—of Effective Demand, which we fail to make use of because of the "inhibitions" of the "taboo." The origin of this great era is thus stated by Mr. Loeb in his introduction:

Since the time of Ricardo, economists have been largely concerned with the distribution of income and only to a minor extent with its creation. As a result, the possibility that less wealth might be produced than could be produced because demand was deficient received little attention until recently. As Keynes puts it, "The idea that we can safely neglect the aggregate demand function is fundamental to the Ricardian economics, which underlie what we have been taught for more than a century. Malthus, indeed, had vehemently opposed Ricardo's doctrine that it was impossible for effective demand to be deficient; but vainly. For, since Malthus was unable to explain clearly (apart from an appeal to the facts of common observation) how and why effective demand could be deficient or excessive, he failed to furnish an alternative construction, and Ricardo conquered. Ricardo conquered England as completely as the Holy Inquisition conquered Spain. Not only was his theory accepted by the City, by statesmen and by the academic world, but controversy ceased; the other point of view completely disappeared; it ceased to be discussed. *The great puzzle of Effective Demand* with which Malthus had wrestled, vanished from economic literature. You will not find it mentioned even once in the whole works of Marshall, Edgeworth and Professor Pigou, from whose hands the classical theory has received its most mature embodiment. It could only live on furtively below the surface in the underworlds of Karl Marx, Silvio Gesell or Major Douglas."

Notwithstanding this rather contemptuous reference to Major Douglas, it is really Major Douglas who is entitled to the credit of showing the way to the discovery of the error, if not actually pointing to it. The only claim to discovery that Mr. Loeb is really entitled to make is that of devising the Correction, which, itself, is a sort of inversion of Major Douglas' theory. Those whose memory goes back to those far-off days when Mr. Loeb discovered the "irrationality" of our economic system, will recall Major Douglas' famous "A plus B Theorem." According to that "theorem," the difficulties of our economic system are due to the fact that the income which members of our society receive, by way of money payments, as the result of their economic activities, are not sufficient to pay for all of the goods produced by society. The remedy suggested was as simple as the analysis of the disease: Let society advance to the consumers enough money to enable them to purchase all of the goods produced—that is to say, the difference between what they actually receive in money payments in the course of their activities and the market price of all the goods produced. This he called Social Credit.

Major Douglas' analysis was a denial of the basic tenet of classical economic theory—that there can be no deficiency of purchasing power, since in the last resort goods are exchanged for goods—money being merely a medium of exchange—and the production of goods is, therefore, also the production of purchasing power.

Major Douglas' theory has never been accepted in good society, as may be seen from the contemptuous reference to it by Mr. Keynes quoted above by Mr. Loeb. But the problem of deficiency of purchasing power is still with us. In fact, it is that which led to the revolution which enthroned the Keynes-Hansen School of Economics. But Mr. Loeb denies the possibility of such a deficiency, since "profit, like wages, interest and rent, is a source of income, and appears in our demand-supply proposition as a component of demand."

Nor is Mr. Loeb worried very much about the supposed growth of capital goods at the expense of consumer goods and consumption. "Actually—says Mr. Loeb—consumer goods production and capital formation, instead of varying inversely, vary directly. 'Consumption and capital formation' as Dr. Moulton puts it, 'do expand and contract together.' The records show that capital formation and consumer goods production have been rising and falling together, the swing of the former being somewhat wider than the swing of the latter."

The economic system is, therefore, sound. But the swings are both-ersome. And this brings us to the mysterious, if not mystic, element in our economic system which David Ricardo has prevented us from dis-

covering and which is now fathomed at last. The technocrats, as we have seen, were right in their major tenet—their belief in technology as the all-sufficient engine of progress and plenty for all. But the engine, because it produces an ever increasing amount of wealth, needs an ever increasing amount of oiling. And that's where the echo of Major Douglas' voice comes in. Major Douglas' panacea, it will be recalled, was "new money." Mr. Loeb also believes in the absolute need of "new money" from time to time in order to take care of our growing wealth-production. And, like Major Douglas, he believes that the money must be produced in the form of credit. But the credit must be extended not to consumers but to producers. And not by the Government but by banks—in the form of what Mr. Loeb calls "debit money." The reason is thus stated by Mr. Loeb:

It cannot be supposed that a wealth increment made available by an advance in efficiency would be released by an increase in profit, not only because profit in a competitive economy tends to be held down to a minimum, but also because profit, unlike the cost factors, is realized and usually issued after a commodity had been produced and sold.

Banks must, therefore, come forward with "debit money" in order to tide over the producers between the time of production and the realization of their profits by the sale of the goods produced.

Since the mystic process of the "release of the new increment of wealth" does not occur in the form of an even and constant flow of purchasing power, our economy "has adjusted itself to the advance in efficiency by a series of back and forth movements usually known as the business cycle."

The inquiry into the mystic and mysterious ways of the "release of the wealth increment" constitutes the meat as well as the bulk of Mr. Loeb's book. His "theorems" are proved by mathematical formulae and graphs. As is usual in such cases, the formulae are pat, and the graphs look beautiful. Long ago, alluding to the philosophy and philosophers of his day, Goethe has said—

**Wo die Begriffe fehlen, stellt ein Wort
Zur rechten Zeit sich ein.**

Applied to our present day economic literature, it may be translated as "Lacking proof, a graph will do the trick." Occasionally Mr. Loeb claims that "the record" also proves his thesis. The "record" in this case is rather brief, but seems to be quite sufficient to Mr. Loeb. Says he:

The release of the residue of the wealth increment has apparently been accomplished largely by the creation and spending of new money along the lines of Case IV ('When efficiency advances and demand as a result falls short of the potential supply, the prospective deficiency might be avoided by the spending of newly created debit money on consumer goods, capital formation, public works, relief, or anything else for that matter.') Whenever enough new money was created and spent as in 1922 to 1929, 1934 to 1937, and 1939 to 1944, production increased and the wealth increment was produced and purchased. Whenever enough new money was not created and spent, as in 1929, 1930, 1931, 1932, and 1938, production turned downward and the potential increment of wealth was not produced and consumed.

If one were to advance the theory that cold is produced by fur coats and heat by Palm Beach suits, and were to point as proof to the fact that whenever there is cold an abundance of fur coats is seen in the streets, while hot weather is accompanied by an abundance of Palm Beach suits, people would just laugh. But in the new economics everything apparently "goes" as proof—so Mr. Loeb doesn't need to bother about finding out which is the cause and which is the effect or whether the two phenomena stand in the relation of cause and effect at all, or are just two facets of the same phenomenon. And, so, Mr. Loeb trips merrily along to the happy conclusion that—

The historical record supports the theoretical considerations which suggest that capacity production and full employment are more likely to be attained by releasing monopolistic competition to realize its potentialities than by instituting some other method of producing and distributing wealth.

Of course, as noted above, some "adjustments" may be necessary because of the "back and forth movements usually known as the business cycle." But that does not present any great difficulty to Mr. Loeb. He has actually devised three such "adjustments," which, he is sure, can take care of the situation.

Full production—says he—with capital formation and consumer spending *in economic proportions* and with the annual wealth increment released by new money spending in combination with a gradual rising minimum wage should be *self-perpetuating*.

There is only one real difficulty, but that does not come from our system, but from foreigners who are threatening it. Mr. Loeb, therefore, has this parting admonition:

The domestic price structure would have to be guarded from the impact of foreign goods, many of which are produced by workers whose standards

of living are lower than that of the American, and from the distress selling of overbuilt foreign industries. . . . Although such dumping would enable the American buyers to obtain goods for less than their cost, it would also disrupt domestic production, bankrupting business concerns and throwing men out of work. Rather than attempt to devise measures to neutralize each such event, it would be simpler to protect American prices from this kind of foreign competition, especially since the American standard of living and real wage even now range higher than that of economies *less endowed with organizational ability* and with natural resources.

With the foreigners taken care of, the American Dream is sure to come true.

OTHER PEOPLE'S OPINIONS

[Note: In this department we intend to publish, from time to time, such opinions, culled mainly from the foreign press, as will bring to our readers points of view deemed important, which they do not usually encounter in our own press. Needless to say, the reprinting here of any opinions, whether from the American or the foreign press, does not indicate any endorsement of the same, but merely the fact that the opinions are, either in themselves, or because of the source from which they come, important enough to be brought to the attention of our readers. Ed.]

I.

BRITISH AND AMERICAN FOREIGN POLICY

In view of the oft-repeated statements in our press, both Right and Left, that our State Department was following British foreign policy, the following excerpts from *The Economist*, which is middle-of-the-road, and the *New Statesman and Nation*, which is Left-Labor, will be of interest to our readers.

1. *Bevin's Master's Voice.*

In commenting on Mr. Wallace's famous speech in Madison Square Garden on September 12, 1946, *The Economist* said: There is something very comical about the theory that "British Imperialism" is pushing America into hostility with Soviet Russia, when in fact there is growing anxiety in London over the persistence and precipitancy with which Mr. Byrnes is seeking occasions to challenge Russia. If anybody, at the moment, is driving anybody into hostility to Russia, it is the Americans who are driving the British. There is a striking contrast between the present scene and that of last winter, when Mr. Byrnes (the same Mr. Byrnes) seemed altogether too anxious, at the Moscow Conference in December, to agree with the Russians at Britain's expense, and when Mr. Bevin was given very lukewarm support against Russia's verbal aggressions at the Assembly and Security Council in January and February. The change since then is unquestionably a change for the better. It ill befits those who have so often begged the Americans to have a positive policy—almost any positive policy—to complain when their prayers are answered. Nevertheless, very many people in this country are asking whether this is not a bit too much of a good thing. In general, it is a great advantage that the central problem of world affairs should no longer be represented—and misrepresented—as a simple struggle of power politics between Britain and Russia. After so painful a period of being the main butt of Russian attacks, the British Foreign Secretary must be very glad to take a back seat for a time. But have not the British echoes of American voices at Paris been a little too prompt and identical? When a British Socialist can be heard extolling the benefits of free private enterprise in Southeast Europe—and particularly when this happens so sharply after the ratification of a large American loan to Britain—cynical references by foreign observers to "His Master's Voice" are understandable.

The Economist, September 21, 1946

2. *For A British Declaration of Independence.*

In discussing a proper policy for Great Britain to pursue in view of the Russian-American conflict, *The Economist* said in the same article:

It is not necessary to be an "appeaser" to feel some alarm at the recent trend of American policy towards Russia. To be determined to stand firm against any further advance by the Soviets is one thing but openly to provoke and challenge Russian policy is another. The British attitude towards Russia is still colored more by sorrow than by anger; there is no disposition to consider an armed clash inevitable, even in the long run, and still less disposition to precipitate it. It is not in this crowded, vulnerable island that there is any talk of preventive campaigns. If, on top of all these disadvantages of following the American line too closely, there is now to be heaped a new campaign of crude and ignorant insults by American "Liberals" seeking to work off their domestic frustrations at Britain's expense then many Englishmen will conclude that the game is not worth the candle.

Yet it would be very foolish, under the impact of these difficulties, to forget the compulsive nature of the arguments that draw American and British policy together. There is no need to quibble about the exact relative degrees of mutual dependence; the fact is that the whole Atlantic Commonwealth is strategically interdependent and the position of either of its two major partners would be immeasurably weaker if it could not rely, in a crisis, on the other. This is the material argument, and the moral argument is no weaker. However many backslidings there may be on the one side or the other, the American and British peoples do share a tradition of life and a belief in such things as liberty and toleration and law. The nineteenth century might take these for granted; to believe in them in the twentieth century is to be a violent partisan. Both because of their material interests, and also because they are what they are, America and Britain must inevitably stand side by side in the great crises of world history. It would be wrong to forget this basic fact in the very proper anxiety to prevent another great crisis from arising.

But this does not by any means imply that British and American policy must always be identical in detail, and still less that one of the two should simply *play second fiddle* to the other. The inevitable concurrence of American and British policy is a long-term affair; it is concerned with the great mountain peaks of history, not with every hill and valley in between. When American policy runs to an extreme, as it tends to, there is no reason for the British to follow, or even to refrain from opposing it. Nor is there any excuse for British pusillanimity in being scared off what they think is the right path by a frown from Washington. There has, for example, been far too much timidity in the British approach to France and the other countries of Western Europe to seek a measure of political accord and economic integration. It is true that Russian screams of rage at the very mention of a "Western bloc" have played some part in British hesitations; but so also have the intimations from Washington that a British "Good Neighbor"

policy in Western Europe would be regarded as a sin against the doctrine of "One World." In the Middle East also, there has been rather too much waiting upon positive American approval before British policies are initiated. On these issues—and on many others that might be cited—the only sound policy for British statesmanship is to go ahead with what seems wise and effective.

The Economist, September 21, 1946

And the New Statesman and Nation had the following to say at the same time on the general question of what is a proper policy for Great Britain to pursue:

All this is constantly urged by Mr. Bevin's apologists in defence of the Government's policy towards Palestine, Greece and Spain. For some months after his entry into office, the excuses were plausible, but it is now clear enough that the Cabinet is not prevented from doing what it really wants by previous commitments, but passionately convinced that the Coalition policy was right. At home it is genuinely seeking a middle way between capitalism and Communist planning; abroad it is accepting the sharp alternatives of a world ruled by America and a world ruled by Russia, and is aligning the British Commonwealth with the former. By ostentatiously cold-shouldering those governments and parties which were our former friends, and accepting assistance from every interest ready to assist in checking Russian expansion, we have drifted into a situation where the policy of a Labour Government is indistinguishable from and subordinated to the policy of American big business. . . .

No one should underrate the extraordinary difficulties with which the Labour Government has been confronted. Whatever it does cannot change the fact that the only two Powers capable of waging and surviving atomic war are capitalist America and Soviet Russia. The natural drift, therefore, in world politics must be towards a division into two geo-political regions in which the prevailing ideologies will tend to drive out or to mop up the forces which stand for a middle way. Czechoslovakia, for instance, is a democratic Socialist country, but she must accept the consequences of membership of the Russian bloc. In China, if the internal forces were left to themselves, the chances of the emergence of a middle way, based partly on the co-operatives, would be very great. But in the present conflict between America and Russia, China is compelled to choose between reaction and Communism. To assert a positive Socialist policy, therefore, is to go slap against the natural tendencies of power politics.

Any country is prepared to throw overboard its social programme when national survival is at stake. If the choice is really guns or butter, every country chooses guns; and Great Britain, if survival really depended on the armed defeat of Russian expansion, would no doubt make the same choice. We should certainly sacrifice our Socialism, and we should probably sacrifice our democracy as well. But we have argued in the two previous articles in this series that this is not the choice which confronts Great Britain. Even from considerations of national self-interest, it is vital to avoid committing ourselves to either Bloc. National survival depends on reversing the present

tendency of world politics. We must seek to prevent the domination of the world by either Russia or America, and the world war which will almost certainly result from the attempt of either to achieve world domination. But the only way to prevent the drift towards two world Blocs is to demonstrate that democratic Socialism is a genuine middle way between the two paramount ideologies. The strengthening and spread of democratic Socialism is today a vital British interest.

The central task, therefore, of British foreign policy is not merely the negative one of avoiding commitment to either Bloc. Neutrality of this sort may be possible for Switzerland; it is impossible for the British Commonwealth, and indeed for the British Isles, which cannot hope to survive merely by standing aside and crying "a plague on both your houses." Our aim must be positive, to encourage democratic Socialism wherever we can, but particularly in areas where our influence can be decisive. In some cases, as in India, where the Government's policy, whatever its final success, has been genuinely Socialist, our aim must be to wind up British imperialism and cut our commitments. But in others, we have a positive and continuous function to perform. . . .

No one will dispute that the future of Germany is a vital British interest, whereas it is only of secondary importance to the U. S. A. An attempt to restore free enterprise and Weimar democracy in Germany would ensure the ultimate victory of Communism in Europe, and leave these islands defenseless in an American-Russian conflict. Yet no serious effort whatsoever has been made during the last fourteen months to formulate a British policy towards Germany, *which in contrast with the American*, puts forward a democratic planned economy which could integrate German industry into the life of Europe. This should have been one of the primary tasks of Labour policy, and by now, under vigorous leadership, the British Zone could have become the living demonstration of the Socialist middle way. The British Zone is now a living example of the futile attempt to maintain the status quo under a bastard type of colonial administration.

The failure in Germany is all the more tragic because here there was a reasonable chance of persuading capitalist America to accept a British Socialist lead. After their wartime experiences, the Americans are well aware of their ineptitude in handling European peoples, and the profits to be made out of Germany are not great enough to produce a pressure group in the States in favour of opening up Germany to American business enterprise. If Mr. Bevin, in consultation with France and Germany's other Western neighbors, had formulated a constructive Socialist policy for Germany, he might well have persuaded the Americans to fall into line, and thereby created the basis for a reconstruction of Western Germany, so successful that the Russians would have been compelled, in their own interests, to accept the principles on which it was based as valid for the whole of Germany. But now we are faced with a situation where, if the American lead is followed by Britain, the British Zone will be integrated into an American Zone, run on reactionary political and economic lines, and the division of Germany between the two opposing world Blocs will be rendered permanent.

II.

BRITISH IMPERIALISM AS SEEN BY BRITISHERS

Britishers of all shades of opinion are not only surprised at Mr. Wallace's assertions that America is pursuing a foreign policy made in Britain, but also at Mr. Wallace's reference to British "imperialism." We in this country may well be surprised at their surprise. But Britishers apparently think that they are the least imperialist of all nations, in that at a time when other countries are entering upon an "expansionist" policy, they are not only "contracting" their empire, but are actually engaged in dissolving it, even though they may be doing it rather too cautiously, according to some Britishers. The Economist touched upon this problem in the article already quoted from, dealing with the question of who is the master of foreign policy in the Anglo-Saxon combination. Immediately following the passages quoted above, The Economist turned its attention to the accusation of imperialism hurled by Mr. Wallace against Britain, saying:

It is proper to pause and enquire whether any substantial long-term interest of the United States is likely to be damaged or any genuine instinct affronted. But it is wrong to hang back because of angry newspaper editorials or ignorant accusations of "imperialism" or "power politics"—or even "appeasement." What counts is American policy in the long run, not what the Americans say it is at the moment.

It is, therefore, as unnecessary as it would be improper for British opinion to take sides in the Byrnes-Wallace quarrel. Shorn of the silly anti-British nonsense, much of what Mr. Wallace is saying (in the long letter to President Truman, for example, which is far more statesmanlike than the New York speech) is what many people in England are thinking—that Mr. Brynes is going too far and too fast. But if Mr. Brynes will retreat a step or two, he represents the active policy on foreign affairs which British opinion has always demanded from America. *A Wallace awakened from childish nightmares about British imperialism*, a Brynes patient enough to wait and see whether a real Russian challenge develops, without provoking it—either of these should find a willing partner in British policy.

And in a special article written for the New York Times Sunday Magazine, by Richard H. S. Crossman, Associate Editor of The New Statesman and Nation, and leader of the recent anti-Bevin "revolt" in the British Parliamentary Labor Party, this noted leader of British left-wing opinion had the following to say on the subject of British "imperialism":

The Times, London, recently published as its main feature article a report

by five English schoolboys who had just returned from a holiday tour of the United States. Coming from Stowe School, one of the most expensive in the country, their politics were probably not unduly radical and their sympathies for Mr. Churchill were probably stronger than for Mr. Attlee. In their report they recorded their surprise and dismay at the discovery that the warmth of their reception in the Middle West was matched only by the hostility to British imperialism in the views expressed by their hosts. Obviously this was the first time that anyone whom they liked had talked to them in such a way.

An American group of schoolboys, if they went outside London and visited, for instance, a Midland town like Coventry, which I happen to represent, might receive just as surprising a jolt. They would find a real friendship for Americans as people but also a violent resentment among all classes at the idea that Britain should become junior partner to the "American Shylock."

If few Englishmen appreciate the intensity of American feelings about British imperialism, even fewer Americans realize that these feelings are fully reciprocated but with the added resentment that an impoverished squire feels for a war profiteer. Both countries indignantly deny the accusations which are in fact unjust, but those accusations have an important influence on Anglo-American relations.

The position is complicated by the fact that public opinion has executed an extraordinary somersault. In America and in Britain those Conservatives who pooh-poohed internationalism right up to the war and took their stand in strong-armed isolationism now support the Bevin-Byrnes line and call for an Anglo-American alliance which shall defeat communism by putting a stop to appeasement. They have become the advocates of collective security against Russia.

Meanwhile the Liberals, who used to try to persuade the Conservatives that collective security was the only way to prevent aggression, are now exposing the dangers of an anti-Bolshevik bloc and in so doing are using most of the arguments of the old-fashioned isolationists. In America, for instance, Mr. Wallace demands that American policy should not be twisted by the British Foreign Office into a defense of British imperialism. In England Mr. Bevin, warmly applauded by the Conservatives, is bitterly criticized from inside his own party for selling out to American big business and running what is tantamount to a crypto-Churchillian line.

Just as Mr. Wallace to achieve Big Three unity wants to cut loose from British imperialism, so Mr. Bevin's critics in Parliament want to cut loose from America and achieve an independent position for their country from which it could mediate between capitalism and communism. And to make the issue even more complicated, they receive some support for this criticism of the Bevin-Byrnes line both from Mr. Eden and the editorial columns of *The Times*, London.

All the same, Mr. Wallace's attack on British imperialism, which diverted attention from the constructive part of his speech, seemed *oddly old-fashioned*. Even the fellow-travelers have never accused Mr. Bevin of that in their parliamentary attacks on him.

The writer then turns from the scientists to the Generals who have contributed to this book, particularly General Arnold, whose pacifism he strongly suspects, and adds:

For all the momentous significance of atomic explosives, for all Arnold's meticulous computations of the relative cost per square mile of destroying cities, the strategical doctrine he advocates is just as adventurist as were the strategical calculations of the Nazi bandits. And it is to be regretted that certain physicists, overwhelmed by the destructive power of the atomic bomb, have allowed themselves to be influenced by some of the concepts of this adventurist strategy, which the present-day war-mongers are recommending under a pacifist guise.

IV.

WHEN THE CHICKENS COME HOME TO ROOST

While a war is being fought, it is natural for the combatants to grasp at any means which looks likely to serve as an aid to victory. As a result, wars are frequently fought by means which insure victory but make it impossible to achieve the purposes for which the war is fought. This is what apparently happened in the last and greatest of all wars: A war which commenced as a struggle against fascism degenerated into a war against the German people. As a result, statesmen who are interested in the eradication of fascism and a revival of democracy in the late enemy countries, find their job made superhumanly difficult by the success of the means which they had employed to achieve victory. And some of them at least are beginning to realize that they were very short-sighted in permitting the war which had started as a war for ideals to degenerate into an old-fashioned nationalist war. The leaders of the Soviet Union are among this group, as may be seen from the following excerpts from a review of Lord Vansittart's book *Bones of Contention*, which appeared in a recent issue of the *Moscow New Times*:

What is the sum and substance of Vansittartism? Vansittart began to expound his views on the German question with particular energy during the war. They were set forth in a number of books—*Black Record* (1941), *Lessons Of My Life* (1942)—in numerous speeches delivered in the House of Lords and over the radio, and in articles in the press. His main argument is that Hitlerism, with all its dangerous features—its urge for world domination, its race fanaticism, its creed of hate, its violence and wholesale executions—is inseparable from the very nature of the German people. To

Vansittart, all Germany's history was nothing but a natural and inevitable prelude to Hitlerism. Nazism and the German people are one to him. In his opinion all Germans are Nazis; consequently, the war was waged not against Nazi Germany, but against Germany as such.

During the war the anti-German preachings of Vansittart and his co-thinkers in the different countries might have been looked upon as an antidote to the propaganda of the pro-German and pro-Hitler elements. *Even then, however, rabid Vansittartism was of very dubious service in the fight against Hitler Germany, for it only helped the Nazi gang to retain their hold on wide sections of the German population.* This is fairly well brought out by the American, William A. Lydgate, in his book, *What Our People Think*. Lydgate declares, referring to Vansittart's ideas:

The Nazi Propaganda Ministry in Berlin used all these ideas, of course, to try to convince the German people that if they failed to fight desperately to win they would be wiped off the map by the victorious and German-hating Allies.

Vansittart's *Bones of Contention* was published in 1945. This book deserves our more detailed examination, for it presents the clearest exposition of his views.

The book contains nineteen chapters, many of them being speeches which Vansittart delivered in the House of Lords, at meetings, and from the platforms of the Win the Peace Movement. These "unconnected chapters," as the author calls them, all center around one and the same question, a problem which stirs him deeply—that of preventing new German aggression. And in all these chapters the author persistently harps on the idea that all Germans are alike, that they are all aggressors and criminals by nature. More, he is inclined to deny the Germans the right to be regarded as reasonable beings. He writes:

Throughout the whole of this latest and greatest outbreak of German homicidal mania we tended to address the German nation as a reasonable being, and that is a deep-seated misjudgment of German character.

Essentially, Vansittart approaches the German problem from the very same angle as the Nazis—from the point of view of racism. But whereas the Nazis proclaimed the Germans the "superior race" and all other nations "inferior," Vansittart looks upon the German nation—the whole nation—as the inferior race.

Vansittart mechanically piles all strata of the German population into one heap, he is blind to class differences and ignores all manifestations of ideological and political conflict in Germany, past and present. One gets the impression that he was taken in by the Hitlerite boast that the German people were solid and united and unreservedly supported the Nazis.

In Lord Vansittart's opinion, not a single political party in Germany is to be trusted. "The German Left," he writes, "is better, but not much better, than the Right." The whole German nation, he holds, all Germans without distinction of age, sex, or views, ought to be put in the prisoner's dock alongside with the major war criminals—the Nazi inveterates, the Prussian militarists and the German plutocrats. He makes excursions into German history to show that the militarist, aggressive ideology of the racialist fanatics and

fascist ruffians is, strictly speaking, the ideology of all Germans; that it has been so from time immemorial. . . .

In his chapter "Revelations," Vansittart expresses his dissatisfaction with the Moscow Declaration of the Three Powers on the responsibility of the Hitlerites for atrocities—where one found:

such a spate of "Hitlerites" that one wondered whether the draftsmen had ever heard the word "German."

But, for his part, Vansittart would like it better if there were no Germans in the world at all. Thus, he writes:

On the impossible basis of justice and human welfare, the world would be better without them (the Germans). But they cannot all be conjured away or deported to another planet. So what?

He can offer no intelligible answer to his own question. Having promised to solve the problem of preventing new German aggression, he in the end comes to the pessimistic conclusion that this cannot be done. He enumerates, of course, the well-known measures for the disarmament of Germany; but he himself has no faith in their effectiveness, declaring that in any case the modern Huns, as he calls them, will strive for revenge, for new war and aggrandizement.

Possessed by these dangerous views, Vansittart stubbornly refuses to believe that salvation lies in fostering the principles of democracy in Germany, for in his opinion democracy "has never yet got beyond the seedling stage on German soil." . . .

The danger of Vansittartism to the cause of peace lies in the fact that it would close the door to a satisfactory solution of the German problem. For it is unthinkable that Germany can be rid of the Nazi weed without the cooperation of the German people, without the assistance and support of its democratic forces. The facts show that such forces do exist in Germany; and, given proper conditions, they are capable of handling the difficult task of democratic regeneration of their country.

V

IN THE GRAY DAWN OF THE MORNING AFTER

Lord Vansittart's doctrine of hate is not the only war baby that has come under closer scrutiny among Leftists during the post-war period,—some love affairs of the late unpleasantness are on their way to an unpleasant dénouement. In fact, the love affairs seem to have run their course much faster than the hatreds contracted during the war. This is not at all surprising, since hatred, unfortunately, is nearly always sure to outlast love. At any rate, one of the great love affairs of the last war, that of the Left for General de Gaulle, has definitely come to an end. And in the gray dawn of the morning after, this great wartime hero turns out to be anything but . . . In fact, if he is not actually a fascist, he comes pretty near being one. And, in any event, his close associates

certainly were such according to an article appearing in *New Times* of Moscow. As in the case of Lord Vansittart, the article comes in the form of a book review,—a belated review of Henri de Kerillis' book *De Gaulle—Dictator*. In the course of this article, the *New Times* reporter says:

The book is of undoubted interest, especially in the light of the present political situation in France. It is full of facts that illuminate the role and personality of de Gaulle and of his entourage.

During the war de Gaulle's name was associated in the minds of the general public with the unification of the patriotic forces that fought for France's liberation. Today General de Gaulle has become the standard-bearer of reaction. And although Kérillis' criticism is anything but impartial, it does to some extent suggest the key to this metamorphosis.

"The French government no longer exists. It is necessary, therefore, that a new power shall take upon itself the task of directing the French effort in the war . . . I will exercise my powers in the name of France and solely in her defense . . ."

Thus the formation of an army was relegated to a secondary position. From this time on de Gaulle concentrated his main attention on creating the conditions which would permit him to retain power after the liberation of France.

"Thenceforth General de Gaulle ceased to be a soldier. His armed forces no longer interested him . . . He was obsessed by one fixed and all-absorbing idea, that of the 'new power' of which he would be the head . . . And the idea of this 'new power' itself gradually changed and altered and became amplified until one day General de Gaulle pronounced the words, 'the Fourth Republic,' and finally ended by announcing that he would be its President. The military adventure of an obscure brigadier general in exile in London seemed to him insignificant and puerile compared with the grand political adventure that loomed on the far horizon. A usurper, a pretender stood revealed."

A section of de Gaulle's immediate entourage supported his aspiration to become the leading figure in the future "Fourth Republic." A large part of Kérillis' book is devoted to this entourage. The information he gives is certainly interesting and helps us to understand de Gaulle's position today.

Kérillis states that, apart from genuine heroes and patriots, political adventurers had filtered into the de Gaulle movement.

"Soon they formed around General de Gaulle a numerous and powerful clique, a maffia, who forgot about the liberation of France and who chiefly regarded the de Gaulle movement as a convenient means of resuming their badly commenced way of existence, of making or remaking their careers, of sharing the spoils that are invariably to be won in periods of political piracy . . . These people had nothing to gain from a return to normal, which would have put them back in their old places, would have deprived them of their posts as police, propagandists, ministers and ambassadors, with sometimes fantastic salaries. They dreamed of a pretorian coup d'état which one day would place France, liberated by the Allies, into the hands of their chief and would securely establish them in their sinecures."

It was for this reason, Kérillis says, that de Gaulle's entourage made it their principal task to remove all persons who because of their prestige, political

experience or influence might oust de Gaulle and occupy his place. De Gaulle's "unbridled ambition" played into their hands.

Kérillis emphasizes the point that de Gaulle from the very first maintained close contact with reactionary elements. He surrounded himself with Cagoulards, members of a secret fascist organization which had existed in pre-war France and had ties with Hitler Germany.

According to Kérillis, it was from among the members of this organization that de Gaulle selected his closest collaborators, to whom he entrusted the most important functions. Major Passy (now colonel; his real name is Wavrin) was his chief coadjutor. Passy was the head of de Gaulle's police department, known as the Bureau central d'action et de renseignements, which was founded in the summer of 1940 and which had as its secret purpose the organization of an intelligence service in France. *Before he came to London, Passy was secretary to Deloncle, the ringleader of the Cagoulard conspiracy, who after France's defeat openly entered the service of the German invaders.*

"... The Cagoulards needed a man of action, and Charles de Gaulle appeared—the ideal man. Charles de Gaulle needed an organized group—and the group appeared... It was thus that the alliance was gradually cemented."

But it is not only to community of interests, but also to community of views that Kérillis attributes this alliance. Referring to the books de Gaulle published before the war, Kérillis points out that in these purely military works de Gaulle already discloses anti-republican ideas closely akin to the "romantic conception of dictatorship." Furthermore, in the pre-war years (1933-39) de Gaulle was connected with the *Action Française*, in which Cagoulards played a prominent part. De Gaulle also at this period maintained close and friendly relations with Marshal Pétain. And everyone knows, Kérillis says, that it was in Pétain's entourage that the Cagoulard military sections had their centre.

Kérillis' description of the de Gaulle movement is certainly tendentious. Nevertheless, his book and the documentary facts it contains are useful as an aid to an analysis of the political trends of the movement and to an elucidation of its backstage aspects. And this undoubtedly facilitates an understanding of the role that de Gaulle and the de Gaullists are playing today as resolute adversaries of the progressive development of France...

General de Gaulle is bidding for the leadership of the reactionary forces. It is in the light of these facts that Kérillis' book should be estimated.

New Times, November 15, 1946

VI

THE ABSECON CONSPIRACY

In view of the National Association of Manufacturers' recent announcement of its strong opposition to cartels and monopolies, the widely heralded improvement of our relations with the Soviet Union, and Mr. Eugene Meyer's resignation as president of the International Bank, the following excerpts from an article in a recent issue of *New Times*, entitled *The American Monopolies and United States Foreign Policy*, should be of interest to our readers:

In October 1945 a conference was convened by the National Association of Manufacturers in the small American town of Absecon, near Atlantic City. It was attended by sixty-six American industrial and financial magnates. It sat for three days in deepest secrecy. No report was published of its deliberations or decisions.

But the omnipresent American reporters, who always keep an eye on the way the rulers of the business world spend their time, discovered the departure of several of them from New York and traced them to Absecon. From talks with some of them after the conference the newspapermen were able to give the American public some account of the event . . .

The *Inquirer* states that among those who attended the conference was Herbert Hoover, former President of the United States. Others were Lamot and Irénee du Pont. The former is the chairman and the latter a member of the executive board of one of the biggest concerns in the world, the chemical and explosive firm of du Pont de Nemours. This company is connected by cartel arrangements with Imperial Chemical Industries and the huge German war concern, the I. G. Farbenindustrie. The power and influence of the firm of du Pont has recently been enhanced by the leading role it is playing in the manufacture of atomic bombs. The Rockefeller group, which controls Standard Oil and its numerous subsidiaries, as well as banks, was represented by Winthrop Aldrich, head of the Chase National Bank, one of the biggest banks in the country. The Morgan financial group, which controls the United States Steel Corporation and railway and other corporations, was represented by Eugene Meyer, the well-known banker, who is also publisher of the *Washington Post*. General Motors, General Electric and other concerns were also represented at the conference. . . .

From all this it is not difficult to conclude that at the Absecon conference general aims were formulated and immediate tasks outlined of a new course of American policy, dictated by the far-reaching plan of establishing United States domination over the whole world . . .

Whereas formerly it was declared time and again that the continued cooperation of the Anglo-Saxon powers with the Soviet Union was the chief essential for enduring and stable peace, the new line of American foreign policy is based upon the notorious "atomic diplomacy," upon undisguised power politics. From this follow those methods of blackmail, pressure and intimidation of other countries, as well as of the Americans themselves, of which the world is now able to form so clear a picture from the state of affairs in a number of countries where the U.S. War Department cooperates with the State Department in putting "coordinated measures" into effect.

This departure from Roosevelt's popular program of post-war foreign policy was not effected all at once, by a sudden and abrupt right-about-face. It was evidently borne in mind that an abrupt change would inevitably provoke sharp discontent in the country and would hamper the manoeuvres of the State Department. At first the new course was even masked by old slogans, to which, however, an entirely different meaning was given . . . The aim of the systematic anti-Soviet campaigns conducted in widely-read newspapers and periodicals was to accustom the average American to the idea that the United States could not work hand in hand with the Soviet Union and that even military conflict between the two countries was not out of the question . . . However, the trust and

bank magnates who gathered at the Absecon conference, in their lust for more profits at all costs, outlined a program of unrestrained imperialist expansion, to be carried out by military as well as economic means. . . .

Barron's, an American financial weekly serving the big corporations and banks, tells of one such scheme. It is an attempt to bring the economy and finances of a number of countries under the control of the American monopolies through the medium of the International Bank for Reconstruction. A representative of the Morgan group, the banker Eugene Meyer, who attended the Absecon conference, has been chosen as the president of the bank. Besides granting credits and loans, the new bank, which is to have a capital of \$10,000,000,000, is intended, as *Barron's* puts it, to perform international "economic police" functions. Its branches and agencies in various countries of the world, one gathers from the weekly, will endeavor to limit the national sovereignty of certain governments in economic matters. It is their intention to control the countries' budgets and to secure the passage of legislation which will facilitate the penetration of American goods with the help of a suitable price policy . . . *Barron's* hints that the bank's representatives also intend to interfere in the domestic policies of the countries to which they are accredited . . .

In a word, it is intended to convert the International Bank for Reconstruction, when it is formed, into an instrument for strengthening the domination of the Morgan group over the economics (*sic*) of many countries of the New and Old Worlds, and a bulwark of political reaction everywhere. If this plan is realized, the financial assistance of the bank will cost the nations concerned dear. For they will not only pay high interest for it, but also forfeit their economic independence. Such an ultra-imperialistic project for the economic enslavement of other nations could only have been conceived by the aggressive American monopoly circles, who regard all the countries of the world, no matter what side they fought on in World War II, as vanquished nations, and the United States as the sole victor.

New Times, October 15, 1946.

PRINTED
IN
U.S.A.



46