

An Introduction to the Economic Nature of the United States

By Ezra Pound

This is not a SHORT History of the Economy of the United States. For forty years I have schooled myself, not to write the Economic History of the U.S. or any other country, but to write an epic poem which begins "In the Dark Forest" crosses the Purgatory of human error, and ends in the light, "fra i maestri di color che sanno". For this reason I have had to understand the NATURE of error. But I don't think it necessary to refer to each particular case of error.

I do not believe that the method of historiography has progressed much since the days when Confucius selected the documents of the old kingdoms, and condensed his conclusions in the Testament. Aristotle toward the end of his life arrived at a similar method, in his collection of Greek State Constitutions. Voltaire used the "human" method which hinges on chance and the personal element. A prince eats a pudding and dies of acute indigestion at a critical moment. Caesar Borgia said : "I had anticipated everything except being bedridden the day my father died." Michelet analyzes the motives of different social groups and tells us that the manual labourer wants to own a shop because he thinks shop-keepers don't work. Another method consists in analyzing certain mechanisms invented to humbug the public. Perhaps it is the renewal of an Aristotelian tendency but, in any event, it is suitable for the present narrative, and I am following it in this essay or definition, of the struggle between the people and the usurers, or financiers, in the colonies, and then in the United States of North America.

Towards the end of the Eighteenth Century the settlers, driven by the desire for Freedom of Conscience, hardened by privations, favoured and betrayed, reached a certain degree of prosperity, thanks to their own hard work and to a sane system of using paper money as a means of exchange that freed them, temporarily, from the pincers of the Bank of England.

The Settlers, or Colonizers, in Pennsylvania and in other colonies, irritated by the disappearance of metal money, understood that any other document could be used for book-keeping and as a certificate of what the bearer was entitled to receive in the market. The agriculturists who arrived in the new country, while they cleared the forests and prepared their camps, lacked the power to buy what was necessary to build houses, to buy plows, and to make a living. So the governments of several colonies began to loan paper-money for these purposes. Pennsylvania chose the best method adapted to the conditions-repayment in ten or twelve years, and loaning amounts up to one half of the value of the farm. Those who loaned the money, living near to those who had received the loan, could judge the character of the borrower. This arcadian simplicity displeased the London monopolists and the suppression of this competition, together with other irritants, provoked the 1776 "Revolution".

The clearness of comprehension on the part of the revolutionary leaders is registered in diaries and "memoirs" of the times, and particularly in the notes of John Adams who, among other things, had been sent to Europe to organise the credit for the new State, and who secured the first loan from Holland.

It is to be understood that the experience of John Adams was neither theoretical nor abstract. Firmly convinced of the capacity of the Americans to produce farm products and merchandize, he met, and overcame, all the insidiousness of Europe. He convinced the Hollanders of the solidarity of the American guarantees by comparing the insignificant debit of the United States to the great debt of England.

I repeat : His notes are neither abstract nor theoretical. It was a question of paying the war expenditures with tobacco. The intimate letters and conversations, verified by the friends of Adams, contain concrete concepts as, for example : "It is necessary to keep up the idea that this paper is good for something", meaning that the note can be exchanged for actual goods.

It was understood that the Navy depended on iron, timber and tar, and not on the manoeuvres of a false finance.

Some time later the bankers published projects for the extension of credit, "funding", or the institution of a public debit. Adams faced the terrors of inflation by saying that a diminishing buying power of the paper money functioned as an unevenly distributed tax, a tax that hit those with a fixed salary, or living on an income; that the businessmen would have the best of it; and that, in any event, an inflation of this kind would not have created a public debt WITH INTEREST.

It is understood that credit is Paul's supposition that Peter will pay. It was understood that the base of the real credit of the thirteen colonies was their capacity to work, taken together with the truly great possibility of future production limited then, not by nature, fields, vegetation, but only by the number of the inhabitants. Washington was able to win in the war because he resisted to the bitter end. Washington won, but not without indebtedness to the tenacity and good sense of Adams-the Negotiator.

History, as seen by a Monetary Economist, is a continuous struggle between producers and non-producers, and those who try to make a living by inserting a false system of book-keeping between tile producers and their just recompense. The Bank of England was based on the discovery that instead of loaning money, the Bank's paper could be put out on loan. The Philadelphia financiers, not entirely severed from their friends in foreign countries, saw the possibility of speculation and the monopolizers of money tried their usual tricks on a thick-headed public.

"Financiers and Congressmen bought a great quantity of soldier's pay certificates which had been issued during the war. The certificates were simply printing press money without anything of value behind them. Years had passed since their date of issue and, as their hope for redemption went down, their value went down, and down. In 1789 they could be bought for 10 or 15 cents to the dollar. Alexander Hamilton proposed that the Continental certificates be redeemed at par."^[1] And then the nation "assumed" the responsibility of paying them as proposed. These were the famous certificates of pay due to the Veterans. This constituted the "Scandal of the Assumption."

England was trying diverse methods of usury and sanctions. The lack of caution on the part of the great property owners of the South, reduced them to indebtedness. Slavery became less profitable than the new industrial system, in which the owner did not have to take care of his employees.

Let us note that at the beginning of the Nineteenth Century the "Mercantile" concept still retained traces of decency. Adams judged it "hardly mercantile" to do business on borrowed capital. At that time individualism had its own probity, a modest but secure income was called an "independence".

History taken as a lesson, and taking into account the difference between certainty and supposition, would be an exposition of the nature of events, rather than a chronicle of names.

Some events can be known only after centuries. We know, for example, that Parisina d'Este[2] incurred certain expenditures which were paid from the Ducal Treasury of Ferrara, and we also know the date of these payments. Other deeds never become known and must remain buried with the participants. A signed letter proves what the writer wanted the recipient to believe on such and such a day. But the clarity of an idea remains among the ASCERTAINED facts. The definition of an idea, as observed by someone who understands the events of the day, may shed more light on the historical process than many volumes.

SOURCES

The true history of the economy of the United States, as I see it, is to be found in the correspondence between Adams and Jefferson, in the writings of Van Buren, and in quotations from the intimate letters of the Fathers of the Republic. The elements remain the same: debts, altering the value of monetary units, and the attempts, and triumphs of usury, due to monopolies, or to a "Corner".

In order to please those who love to gamble, the Exchange permits Mr. A to sell to Mr. B what Mr. A does not possess; on condition that Mr. A. succeeds in buying it and consigning it to Mr. B within a determined time.

The Americans have chosen this game instead of bull-fighting. And naturally, if a group of financiers succeeds in inducing simpletons to sell more than actually exists, or to sell more of it than can be obtained, the late-comers can be made to "pay through the nose". In 1869, Gould, Fisk and others almost succeeded in monopolizing the available gold in New York. Roosevelt followed Jim Fisk.

The speculators boast about their courage or temerity, but this courage is a different kind of courage from that displayed at the Roulette, or other games of chance; for, by speculating on wheat and other commodities these gamblers are not just gambling among themselves, they are

deciding on the prices the public must pay for its necessities. Civic conscience has not developed in America. It seems to me that this conscience was higher during the first years of the Republic, or, at least, the heroes of that era have left to us monuments of their personal consciences, which seem to have been rather higher than those of today.

>From the War of Secession up to now, the economic history of the United States has consisted in a series of exchange manoeuvres in New York and in Chicago; attempts to impose monopolies, corners, variations in the prices of the shares of new industries, and of the means of transportation. In the beginning they speculated on the value of land. An inflation in its value was stimulated without bothering about the difficulty, or the impossibility of transporting products from distant fields to the market. Then they speculated on the values of the railroads.

If it is in the interest of the common worker, producer, or citizen to have an equitable and fixed price, this is not at all in the interest of the speculator or broker. "Hell", he says, "I don't want a still market. I couldn't make any money."

Like a patient fisher, the broker waits for the rise or fall of even $\frac{1}{4}$ or $\frac{1}{8}$ per cent, and there is his fifty or one hundred dollars.

He waits for a "break". It may come once in a life time. This may be the starting point to a fortune. The great Morgan, during the Civil War, bought on credit a certain quantity of damaged rifles from the War Department in Washington, and sold them to a Military Command in Texas, and was paid by the latter before he had to pay the former. He made \$75,000.00 profit. Later he was even sentenced, but that did not prevent his becoming the great Mahatma of Wall Street, and a world politico-economical power. Such is the material of which the economic and human history of the United states is made.

Stratagems and Illusions

The Morgan affair, or trial, will be classified as normal finance and could have happened anywhere in the "old world". But the new land, because of the new conditions, offered several kinds of opportunity for fraud. In order to display the problem of the American mentality and its development, or perversion as a component in the historical process, these frauds should be classified. Take for example, the concession to construct the Northern Pacific Railroad. This concession had a clause in it which conferred on the constructors the right to all the lumber cleared during the construction. The route went through the virgin forest and the trees were destined to be used as crossties, but the clause did not specify the width of the road to be cut and the company, with perfect legality, cut for itself a strip of land two miles wide. The land and the forests were the property of the nation, but no private citizen felt that he had been swindled.

Similar things are the basis of American Humour. These things make for pride and tradition. The fight against the forest, and the difficulties of the desert. Marksmanship and craftiness were

being developed. A man in Connecticut succeeded in manufacturing imitation nutmegs out of plain wood and selling them at a profit. This trick sent the whole country into peals of laughter. The Centenary of this trick was commemorated at the St. Louis Exposition. Imitation nutmegs were made and sold at 5 cents each. One day, when these souvenirs were exhausted, the man in charge, a true son of Connecticut, pure-blooded yankee, did not hesitate one instant to substitute real nutmegs for them, at the same price. The public heard it, and roared again.

Since the days of the California Gold Rush there have been men who have specialized in "Gold Bricks", that is, a lead brick covered with a layer of gold, or even solid gold in some parts so that the seller can bore through it at known points and show it to be solid gold. After the Alaskan Gold Rush the "gold brick" made its reappearance. The majority of those who had been duped brought their bricks to my father who was an assayer at the Mint. This was the period of free coining of gold, and any one had the right to have his own metal coined. So, the stories of these dupes have been familiar to me, through personal experience, since I was five years old. I should like to differentiate between two kinds of dishonesty: (1) that of financial frauds and book-keeping; and (2) that arising from particular material opportunities, as in the case of the NORTHERN PACIFIC.

Tradition

The usual frauds of book-keeping, monopoly, etc., have been known since the beginning of history, and it is precisely for this reason that the usurers are opposed to classical studies. Aristotle, in his *POLITICS* 1. 4/5, relates how Thales, wishing to show that a philosopher could easily "make money" if he had nothing better to do, foreseeing a bumper crop of olives, hired by paying a small deposit, all the olive presses on the islands of Miletus and Chios. When the abundant harvest arrived, everybody went to see Thales. Aristotle remarks that this is a common business practice. And the Exchange frauds are, nearly all of them, variants on this theme—artificial scarcity of grain and of merchandise, artificial scarcity of money, that is, scarcity of the key to all the other exchanges.

Proverbs and Wisdom

The struggle between the Producers and the Falsifiers of Bookkeeping was clearly seen and understood by the Fathers of the Republic. Their wisdom was recorded in pungent phrases: "The safest place of deposit is in the pants of the people." "Every Bank of Discount is downright iniquity, robbing the public for individuals' gain." An insurance agent once asked a banker why the railroad companies, which are privately owned, must run to him, a banker, in order to sell their bonds. The banker, with ironic sadness, whispered: "Hush".

The Substructure

To understand the American historical process, it is necessary to consider the successive waves of immigration.

1 - Those who came through a spirit of adventure or, because of religious convictions and the desire for Freedom of Conscience, and who were willing to face the difficulties of a savage and uncultivated country;

2 - The slaves;

3 - and those who arrived when the machinery was being assembled.

Class struggle in the United States is a recent and an almost exotic problem, in the sense that it does not derive from the Founders. Let us take a "typical American family". Two Wadsworth brothers, or two men of that name, arrived in Massachusetts in 1632. In 1882 their descendants had a family reunion and published the history of their family. In the eight generations we find all sort and conditions rich and poor. One, at the age of sixteen, sold his hair for a shilling, and "this was the first money he ever did see". Another fitted out a ship with his own money, during the Civil War. On the 250th Anniversary the participants presented equal variety and extremes among them-members of the Stock Exchange, salesmen, doctors, a telegraph operator and two old women for whom a collection was taken up. Under these conditions class warfare, in the true sense of the word, does not exist, even though the differences in wealth and position is undeniably visible.

Colonial Tendencies

The Fathers of the Republic revolted against the English ruling class, the younger brothers against the first-born. Popular hatred of the monarchist idea hampered Adams throughout his life. And all because, at the age of seventeen, he had written a letter in which he foresaw the possibility of an American Kingdom capable of resisting any European force. Demagogy seized this phrase to insist that Adams had never been anti-monarchist, but preferred the House of Braintree, that is, his own house, to that of the Hanover. His father held the plow. His son, John Q. Adams, awaited the results of a presidential election at the plow. Perhaps a classical pose, but he was capable of holding the plow, and was not doing it for the first time in his life. Let us compare a score of personal cases in order to understand the foundation of American economic history. In the docket of a great-grandfather, Justice of the Peace, in New York State, the fines run from \$1.30 to about \$25.00, and the tribunal's expenses from 8c to \$1.30.

His daughter, at least once in her life, went to work in a factory, married a man who became a Congressman, supervised the kitchen, not as a spectator, but in order to prepare the meals for

about forty lumbermen. At the time of her separation she had \$100,000.00 in the bank, but the bank failed. My father, the first white man to be born in that part of Wisconsin, was looked after by a male redskin instead of a nurse. He inspected mines in Idaho, and got a job in the Land Office. One week he had his kindling wood sawed by a certain man for a dollar. Ten days later he asked the man if he wanted to saw a little more wood. "Saw wood ? Saw Wood ? Say Homer do you want to go East and sell a mine ? I got \$10,000.00 in the bank."

In 1919 I met in Paris a quiet little man, Ambassador at the time, whom my father remembered thirty-five years before in the act of reaching for a revolver to help out his partner. American distances are different from the European, and the statistics do not record all the nuances.

Waves

Religious convictions, anarchic tendencies, love of adventure and then laziness. The American tragedy, in a certain sense, is the tragedy of laziness. The sense of justice surrendered to the sense of laziness. Justice was limited first to the whites, and then to the bosses.

>From Europe a flood of workers poured in. The national type was formed >From a similarity of tastes and temperaments and not on a racial basis. Those who wanted material gain emigrated to America. Those of a milder nature, the more contemplative, the sentimental, those more attached to their soil and home, remained in Europe. The strong, the restless, the malcontents, the misfits went. The younger sons of the English went in the 1600s, but after 1800 emigrants from England diminished.

The Puritans were Bible-crazy, but they did not bring the Hebrew Scriptures only. The culture of Adams and Jefferson is a Latin culture with a mixture of Greek. Otis wrote a Greek Grammar which he destroyed, or which was lost for the lack of a competent printer. During the prosperous colonial era the arts of silversmithing, furniture making, and architecture developed. The houses, although made of wood, were a Greek dream. Numbers of them burned down. From Germany came groups of religious sectarians. They brought with them the art of glassmaking, and organised, at least once a year, a Bach Festival. Monticello is full of refinement. The polygrapher[3] longed for a complete civilization equal to that of an Italian Court, ceremonies omitted, of the Fourteenth Century. He got into debt.

Adams was frugal, and used the weather-boards of his attic study as a handy file for his correspondence. For at least a century New England took as an idea: "Low Living High Thinking".

Usury spoiled the Republic. Usury has been defined as too high an interest on money. The word finance became fashionable in the bank-paper era. And it is to this that Jefferson alludes in the phrase: "No one has a natural right to be money-lender save him who has it to lend." With the "financial" era the word usury disappeared from polite conversation.

There is no greater imbecility than to leave one's own bank-account or one's own sources of information in the hands of an enemy, or an irresponsible man.

The struggle between the people and the exploiters, in America, was waged around these forms of imbecility.

A handful of people, who lived on little and did not run into debt brought to, and preserved in America, a rather high, severe culture, and a civic sense nourished by the traditions of English legal liberty, that is, by a centuries-long conquest in which the traditions of North European tribes and Roman Law converge.

The Republic was started with a limited suffrage which was gradually extended from the love of justice and because of the good sense of the common people. The frontier aristocracy was, of necessity, a physical aristocracy. The others either died or weakened. My grandfather used to wrestle with his lumberjacks not only for sport, but to maintain his prestige. Lincoln was the last president of this race and of this tradition. For two centuries the frontier required daring. With the danger gone came the people who know how to suffer and to endure; or those who merely subside.

Up to the time of the Civil War the public seems to have taken some interest in the Congressional debates. The Congressional Record might nourish a civic sense, and the names of the protagonists are recorded in it. Even today it is possible to tell some truths in Congress, but the public has been distracted.

The "Economic" history of the United States is, on one side, the history of enormous wastes of the natural resources, wastes that took place because no immediate need for thrift was apparent and, in many instances, did not exist.

Land was given to whomsoever wished to settle on it, but no provisions were taken to protect the nation or the people from the dangers of resettling this land. Often resold for a trifle, it went to form large landed estates which for a long time, and perhaps even today, have not injured anyone.

The Treasure of a Nation is its Honesty

The following phases follow one another: Freehold. The need of craftsmen. Slaves. Debts. "Free" craftsmanship in competition with the slave system. In the beginning personal commerce without indebtedness to finance. In many cases direct superintendence by the owners. No man could be a director of the Salem Museum who had not sailed round both the Cape of Good Hope and the "Horn". The construction of fast clippers was New England's glory a century ago. These clippers had brought the kind of wealth that follows the exchange of goods with the orient and the entire world. Even if economic, the history of the United States was, up to the

year 1860, romantic. From that period dates the cult of business which continues an Italic tradition, the tradition of the great City Republics of Venice and Genoa, the Superba and the Dominante. Economic affairs need not be wholly sordid. Usury however is a cancer, Finance a disease.

Paterson who invented the system of the Bank of England, that is, the system of loaning promissory notes, died poor, outcast by his early associates. California gold was discovered on the land of a man who did not profit by it. On the contrary, his farm was ruined and he got no protection from law.

The American tragedy is a continuous history of waste-waste of the natural abundance first, then waste of the new abundance offered by the machine, and then by machines, no longer isolated, but correlated and centuplicating the creative power of human labour.

The improvident Americans killed bison without thought or consideration. Forests were cut down without thought of conservation. This had no immediate effect on the prosperity of the inhabitants, because of nature's abundance. The usurers, now called financiers, plotted against abundance. To understand the effect of the American system, it is necessary to refer to the monopoly of Thales and then take up the thread of the so-called "reform", or protestant schism, seen from the economic angle. The Protestants did not wish to pay ecclesiastical taxes to Rome, and to the priests for their rites. The Bible was invented as a substitute-Priest. The Canonical prohibition against usury disappeared. Polite society did not consider usury as Dante did, that is, damned to the same circle of Hell as the sodomites, both acting against the potential abundance of nature.

The Catholic economy had proclaimed the doctrine of the just price. Monopoly is a manoeuvre against the just price. One can speculate only on condition of the market oscillation.

The employers naturally tried to get their work done for the least possible price. The working-men, in self-defence, asked for the suffrage. The people won the war against the Bank of the U.S. between 1830 and 1840 but, with the new waves of European work hands, the quality of the electorate declined, and demagogy undertook to corrupt it. The Press misled, or distracted, the people from the nature of the economic problem.

Toward the end of the Eighteenth Century the Republic was in revolt against the privileges of "birth", and the whole democratic movement was in revolt against the monopolies held by the guilds; monopolies of the opportunity of working. This explains the bearing of Adam Smith's phrase: "Men of the same trade never gather together without a conspiracy against the general public."

But the monopolies, the sanctions, the restrictions imposed by the guilds were, at least, monopolies of producers. The various monopolies which culminate in the monopoly of money itself, key to all the other monopolies were, and are, monopolies of exploiters. The situation is complicated when the same man has his hand both in the production and in the finance. Henry Ford found himself forced into this situation in order to defend himself against Wall Street.

To understand the development of economic ideas in America, it is useful to know European precedents, even if these are little known in Europe itself.

The traces of the Leopoldine Reforms have been lost, as far as I know, but the analogy remains. It can be said with certainty that the same current towards the liberation from the shackles of the guilds made its appearance in Tuscany and in the American Colonies. The return to a controlled economy in Tuscany was wrecked by the Napoleonic Wars, and nothing has been heard of it in Europe for years. As far as I can discover, it had no echo in America.

John Quincy Adams, almost alone and smeared as an eccentric, supported a doctrine: giving more authority to the state. He wanted to conserve the national lands as property of the nation.

The romance of the covered waggon, clipper of the prairies, finds its analogy in the Italian colonization in Africa. All this emigration had some resemblance to what Italy was doing on her Fourth Shore, but the former was done without the state's doing anything save granting the land without foresight.

The natural abundance existed, but it was wasted. Today, among the few merits of F.D.R. stands, perhaps, a vague idea of reforestation.

Banks

The insidiousness of banking has always followed the same road-abundance-any kind of abundance tends to create optimism. This optimism is exaggerated, usually with the help of propaganda. Sales increase; prices of land, or of shares, rise beyond the possibility of material revenue. The banks that favour exaggerated loans, in order to manoeuvre the increase, restrict, recall their loans, and presently panic overtakes the people.

Toward the end of the First World-War, C.H. Douglas insisted on the opportunity of potential abundance and demanded national dividends, that is, a distribution of family or individual allowances so as to permit the public to buy what the public had produced.

Naturally all that was called insane. The London Times, and other newspapers, in the hands of financiers opposed this suggestion.

The justice of Major Douglas's views was confirmed by the Loeb Report (Report of the National Survey of Potential Product Capacity, New York City Housing Authority, 1935.) No one has been willing to dispute these statistics. Before entering this war every family of four persons in the United States could have had a \$4,000.00 to \$5,000.00 Standard-of-Living. Only the iniquity, the imbecility of the monetary-financial system prevented the realization of this material welfare.

War was brought about to impede the utilisation of this abundance. Without scarcity monopoly cannot impose unjust prices.

American money was not socialized. American money had not been democratic for eighty years, as Lincoln had democratized it temporarily, and as Jackson had democratized it, even succeeding in extirpating the national debt.

The American people as late as 1939 had not yet learned the lesson taught by American history and, much less, by world history.

It is idiotic to leave the pocket-book of the nation in the hands of private and, perhaps foreign, irresponsible individuals.

It is idiotic to leave the nation's sources of information in the hands of irresponsible individuals and, sometimes, in foreign hands.

This ruin has its roots in the greed for lucre, a greed which separates itself from all common-sense and every sense of proportion, and blindly creates its own undoing.

Man has been reduced not even to a digestive tube, but to a money-receptacle that gradually is losing its own value. This cycle has lasted three centuries; from the arrival of the "Pilgrims" who sought freedom of worship, to the Cult of Lucre dominating today. This is an economic history. It is the history of a spiritual decadence. Part of this story is technical, part monetary, and part financial.

The aim of finance is to gain by others' labour. In the last four decades, the aim of finance, in order that the gains of a small group be greater, has been the retention of all the profits of mechanical inventions and the lowering to a minimum the workers' rewards. And this was done in the open market through Free Enterprise.

Now-a-days, in normal times, the necessity of working as formerly does not exist. Van Buren, a century ago, was interested in reducing the working-day to ten hours. The working-day could be limited to four hours now, and everybody could have the opportunity of working. But humanity, or, I should say, the working-class is not lazy. The great mass is not touched by an appeal to laziness.

Only the artist, for centuries, has succeeded in detaching the idea of work from the idea of profit, and not all artists have been capable of this dissociation of concepts.

I do not know whether or not I should cull long or brief citations in regard to the financial technique. The former would be a bore, the latter may be incomprehensible.

Van Buren was opposed to imprisoning debtors. The manoeuvres of finance are registered in phrases such as the following : ... "he increased the amount of the discounts In the month of

October, 1830, they were forty millions, and in May, 1837, 70 millions." Mr. Webster said: "They must be decreased by thirty million dollars in states along the Mississippi."

"The Bank received 341 millions and six millions from the Government. The funds under the President of the Republic (Jackson) amounted to something between fifteen and twenty thousand." (Note : the President controlled THOUSANDS not millions.)

"... by using the methods of the bank in order to disorientate credit within the country, by creating panic so as to dominate the mind of the public ..." "... Government members excluded from the real committee of the Bank Directors ..." "... The Bank President manipulates the government funds to betray the nation ... 'greasing' the Press by making nominal loans to non-existing bailsmen." "... The Bank restricted seventeen millions of the sixty-four million dollar credit ..." "If Mr. Taney (Treasury) has not prevented the Bank's New York branch from collecting \$8,700,000, and had not armed our city with nine million to defend ourselves (i.e. the nation) in that war on our commerce."

Van Buren had the transitory honour of being called THE LIBERATOR OF THE TREASURY. But his decade has disappeared from American memory.

After the assassination of Lincoln, President Johnson did not have the means to maintain fiscal liberty. In 1878 a Congressman expressed, or explained, his position by saying that he wanted to keep at least a part of the non-interest-bearing national debt in circulation as currency. The "Free Silver" movement tried to oppose the interests of the silver owners to the "Gold" interests, but did not go to the root. William Jennings Bryan headed this movement, and a few oldsters remember it even now. Once in a while an idealist plays up to the Silver men, or is started on his career by them. A Silverite, privately, will, sometimes confess the truth as, in fact, Bryan confessed it to Kitson. At the moment I don't remember if Kitson published the details of the interview or communicated them in a personal letter, to the undersigned. I am under the impression that I have seen these details in print. Bryan, knowing that he was continuing an honest tradition, and wanting to keep it alive, fought vigorously, taking advantage of whatever means were available to him.

Chronological Outline

The chronology of American economic events is, roughly, as follows :

1620 - 1750-Beginning and development of colonial prosperity based finally, upon a system of loans by some of the Colonial Governments to those who tilled the land. This prosperity stimulated gluttony, and the London monopolists tried to impose their monetary monopoly;
1750 - 1776 - 1788-Preparation for the Revolution, Formation of the American System;

1789-Washington President. Struggle between Hamilton, conservative agent of finance and Jefferson's democratization. 'Fraud of the Assumption.'

1801 - 1825 -Jefferson and his disciples in the White House. The Louisiana Purchase. Second war against England;

1829 - 1841-Jackson and Van Buren in the White House. Fight between the Banks and the people. The people won;

1841 - 1861-Gold discovered in California, in 1810. Debts contracted by the "South" to New York Bankers, and elsewhere. Negro Slavery. Symptoms of the Civil War;

from 1861 War of Secession. Triumph of Finance;

1869 - 1877-Grant President. Scandals. Gold against the people;

1890-The silver question. Trusts;

1914-Industrial development. Technocracy. The menace of Abundance.

1935-Chart of Potential Product Capacity;

1939-"War is his only way out," phrase pronounced by a Congressman to signify that Roosevelt had made such a mess of things that war was his only way of escape. In other words, the only way to hide his past and to maintain his political power.

Rottenness

>From the "Annual Reports of the Secretary of the Treasury", beginning with June 1932, to June 1939, it can be learned that the Treasury of the United States bought ten billion dollars of gold at thirty-five dollars per ounce instead of \$21.65 as in former times. The Treasury does not issue any reports regarding the source of this gold and, even if the Secretary of the Treasury himself wanted to find out where the gold came from, all he could find in his files, would be the names of the last sellers. This means that the government, or the American people, paid ten billion dollars for gold that, before the change in price, could have been bought for six billions. This amounts to a gift of four billion dollars to merchants of gold among whom are, as has always been the case, many foreign merchants.

Only God know, how much gold the people bought during the war, from 1939 to the present time. The trick is simple. Whenever the Rothschild and other gents in the gold business have gold to sell, they raise the price. The public is fooled by propagandizing the devaluation of the dollar, or other monetary unit according to the country chosen to be victimized. The argument is that the high price of the monetary unit is injurious to the nation's commerce.

But when the nation, that is, the people of that nation, own the gold and the financiers own the dollars or other monetary units, the gold standard is restored. This raises the value of the dollar and the citizens of "rich" nations, as well as citizens of other nations, are diddled.

The manipulation of silver follows simple lines. It all fits perfectly into what Aristotle calls the "common practice of commerce". (Politics 1.4/5 Thales). The silver merchants are less important than the merchants of gold. Other metals are monopolized but they do not enter into the monetary game. With these keys you can open the records, or the Congressional Record, whenever you wish, and you will find attempts to resist these swindles though they are getting weaker and weaker.

Remedies

Words become pale. Facts repeat themselves. Truth makes an appearance at times, but it is misunderstood and exposed to ridicule. Economists do not see what stands right in front of their own eyes. Nine years ago a well-known and able Italian sociologist had not looked at the inscriptions on either Italian Bank or State bills. These are the economists of the more-than-a-thousand-year-old tradition.

People do not look at plain common objects. A professor from the London School of Economics once sent me three satirical post cards. One of these was furnished with a sort of bellows so that when the card was pressed between the fingers it squeaked. He had bought these cards with a metal "bon" issued by the French Chambers of Commerce that had no value outside of France. He sent me these cards, nevertheless, to deny the possibility of having one kind of money valid everywhere and, at the same time, another kind valid only within the country of origin.

The diverse groups of monetary rebels and reformers, lacking a knowledge of tradition and possessing only a part of the truth, contradict one another and do not understand their different terminologies.

Fernando Ritter is perfectly right in insisting that the farmer who consigns his wheat to the common granary must be guaranteed the price of fertilizers etc., necessary for future cultivation. He echoes the statement of Zublay at the time of the formation of the United States: "It is necessary to have the public believe that this paper is good for something." (That is, exchangeable for agricultural products or other goods.) It is necessary that money be a guarantee of future exchange. This is in line with the commodity dollar fight, and for a just price-index.

Against this just proposition Wall Street roared : "Rubber Dollar". The usurers, naturally, oppose any control on the part of the public or of a state that pretends to represent the public's interests. The usurers want the control to remain entirely in their hands.

The whole history of the United States oscillates between these two camps. The people rebelled against the London usurers and instituted a government in America. This government fell prey to the resident usurers who kept in touch with the arch-usurers in the mother-country. Belmont used to represent the Rothschild, etc. Today the Main Office is in New York, the Branch Office is in London. The ubiquity of the victims does not matter, and the Head Office maintains a high degree of mobility.

The usurers act through fraud, falsification, superstitions, habits and, when these methods do not function, they let loose a war. Everything hinges on monopoly, and the particular monopolies hinge round the great illusionistic monetary monopoly.

Bibliography

No vast reading is needed to understand this phase of history, if the reader begins from the beginning, that is, with the POLITICS and ECONOMICS of Aristotle, and the Orations of Demosthenes, that against Dionysius, for example. The case of the United States, in particular, has been exposed in the books here below listed. As a beginning read the writings of John Adams and of Jefferson.

C. Bowers: JEFFERSON AND HAMILTON, for the Scandal of the Assumption.
Van Buren: Autobiography.

Henry Adams: Four volumes on the Administration of Jefferson and of Madison. Henry Adams is less interested in a specifically Económico-Monetary study.

Novelists and playwrights, once in a while, give one a clearer idea than professors. One can learn more from Ernest Poole's THE HARBOUR about fast sailing-ships; and from William Mahl's TWO PLAYS OF THE SOCIAL COMEDY about the attempt of monopolizing the gold in 1869, than he is likely to learn from historiographers.

I have already touched on the REPORT OF THE NATIONAL SURVEY OF POTENTIAL PRODUCT CAPACITY, 1935, New York City Housing Authority.

Irving Fisher was the first man to publish, in America, STAMP SCRIP, a book that clearly treats the Gesellist economy. The basic book of this school is THE NATURAL ECONOMIC ORDER, by Silvio Gesell.

H.A. Fack of Los Angeles, California, is its American Editor. For years he has been publishing an idealistic monthly THE WAY OUT.

The Alberta (Canada) revolt proceeded from the theories of C.H. Douglas mixed with Gesellism.

To get acquainted with the Technocrats' tendencies Dexter Kimball's INDUSTRIAL ECONOMICS would be useful.

D.R. Dewey's FINANCIAL HISTORY OF THE UNITED STATES could be of help to students already prepared to understand the importance of the facts listed in it. This book lacks, perhaps, total candour. It has been reprinted in various editions beyond the 12th, and it is a favourite text-book in Universities. If my memory serves me right, Dewey does not mention any of the above-mentioned writers, except Henry Adams, who is not dangerous.

The students' lack of preparation these days, this modern schizophrenia called demo-liberal, derives from the neglect in the study of the Classics, and from the erroneous idea that Greek is a dead language, and that it is not useful to prepare ourselves for the modern way of life. We begin with Adam Smith instead of beginning with Aristotle. Or the student is beclouded with the Esthetics, Poetics, and Metaphysics. Commercial schools would profit, if not by the complete text, by studying, at least, some good edition of selected passages of translations. Those who consider this arrangement scandalous and want to be erudite, could furnish themselves with the entire text and a special index of passages that have an immediate and direct importance for the affairs of today. This could serve as true teaching for life, and this second arrangement would not harm any man of good will.

Chronological Table

regarding other facts, plus a few indications as to the degree of perspicacity existing during the diverse epochs in America.

1684-England suppresses the Mint of Massachusetts which had coined a little silver.

1814-Calhoun opposed the process in which the government was forced to get its own credit on loan.

1819-Crawford issued Treasury bills bearing no interest.

1825-The industrial crisis in England led to dumping on the American market, glutting it with merchandise of bankrupt prices.

1832-Jackson : "THE REAL VALUE OF LAND IS DUE TO LABOUR".

1834-5-Jackson eliminates the national debt. The United States was left with no debt whatever. Upon examining the receipts and the expenditures of the government between 1816 and 1833, even Dewey admits that the great decrease of expenditure was due to the reduction and, finally, to the elimination of the payments of interest on public debt.

Briefly :

1816-Receipts \$47,677,000.00 Expenditure \$31,196,000.00

1833-Receipts \$33,948,000.00 Expenditures \$23,017,000.00

Interest on the Public Debt : In 1833 \$303,000.00, and later ZERO.

1836-The National Treasury, having an active balance, distributed this money to the different states.

Without going back to the legendary Mohammedan Calif, those who, because of ignorance, shouted that C.H. Douglas's proposal of a National Dividend was a scandal and a novelty, may consider the following facts : Massachusetts distributed its share of the money to the various cities and towns; Boston used it for current expenses; Salem built a Municipal Building; Groton repaired a bridge, and Maine made a per capita distribution.

1863-4-Chase favoured the maximum distribution of the National Loan among the people instead of trafficking with the banks.

1878-The Greenback Party was in favour of the National Bills and against the bankers' monopoly. This party received a million votes.

1884-The end of the Greenback Party.

NOTE : I should not wish to appear unjust to D.R. Dewey when I say that he lacks candour. He has, perhaps, deceived himself by his own viscid terminology. For example, credit is not directly transformed into wealth. No paper operation can effect such a change, but credit can easily be transformed into buying power with varying terminologies printed on any subject, or substance. A perfect example of instinctive monetary good sense is met today in this small town. The newsvendor, Mr. Baffico, certainly- not an erudite man, because he lacked the necessary small change, and not wanting to use postage stamps as they lose their freshness and paste in a series of exchanges, has had some little tags printed which he now gives to his patrons as change. I found Signor Baffico indignant because other merchants had begun to accept his tags as money and he had to have another supply printed.

Any form of Transferable memory-aid serves, and has served, to simplify book-keeping, and to liberate us from the necessity of keeping every debit and every credit written in a ledger.

In order that money, admonitions, symbols, or certificates of debt become valid means of exchange, all that is necessary is that whoever issues them have the means to honour them.

F. Ritter, in a recent article, insists on the convertibility of money. His pessimism does not lean at all on the possibility, or advisability of using labour as a MEASURE OF THE VALUES of the goods to be delivered.

-
- 1 Quotation from A NEW AMERICAN HISTORY by W.E. Woodward.
 - 2 Parisina d'Este was the wife of Niccolo III of Ferrara. She was executed after the discovery of her adultery with Niccolo's son Ugo.-Editor.
 - 3 Thomas Jefferson, the architect of Monticello, his own home.-Editor.

"My efforts during the last ten years, in so far as the historical process and especially the monetary problem are concerned, have been directed towards establishing a correlation between Fascist economics and the economics of canon law (i.e., Catholic and medieval economics), on the one hand, and, on the other, Major Douglas's Social Credit proposals together with those of Gesell, known as the "Natural Economic Order," or sometimes as "Freiwirtschaft." With regard to this last, it should be noted that the mechanism, more or less invented by Gesell, is separable from his more or less political views; it could function just as well, that is, in a controlled economic system, as under the regime of unrestricted commerce that Gesell assumed."

- Ezra Pound