

**ECONOMIC WRITINGS**



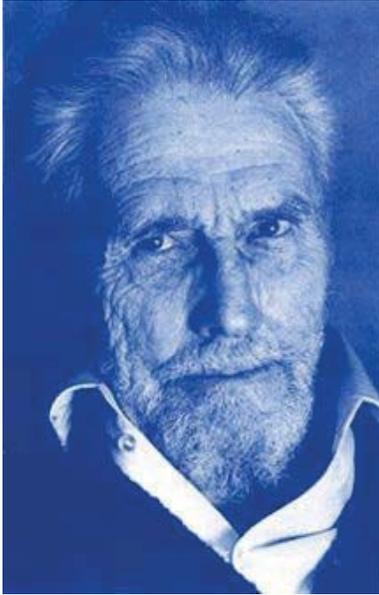
**OF EZRA POUND**

**BERSERKER**

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**BOOKS**





*Ezra Pound*

*Economic*

*Writings*

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*Gianni Ferracuti*  
*Ezra Pound, the fascist*

*"That's how things are, that's how they  
must be; who was, was, and who was is  
no longer; who is, is, and who is not, is  
not."  
(C.S.I., Fires in the Night)*

I don't think we can really talk about Ezra Pound's 'fascism'.

Put like that, it seems almost paradoxical or an idea put forward for the sake of argument: if there is one among the many illustrious representatives of European intellectualism in the 1930s whose staunch support for fascism cannot be denied, it is Ezra Pound. Yet I do not find this so clear-cut, mainly because we may not agree on the term 'fascism'. And this

support of many European intellectuals for fascism should be explained, as well as 'judged'.

First of all, fascism is a very complex, composite historical reality. It is not a monolith. Secondly, we must not confuse political judgement on fascism with historical judgement. And thirdly, we must distinguish between the reality of fascism and the personal interpretation or evaluation given by a sympathiser: the two do not necessarily coincide. If we talk about fascism as a historical reality confined to the period between 1922 and 1945, political condemnation of today's fascist forces can easily coexist with a dispassionate analysis of those years, in which it is impossible that everything was negative. I believe that within what was then called fascism, there were very different currents of thought, often irreconcilable with each other, and each of them acted in the given political situation to implement its projects, to influence the movement, the *future* form of the regime, and its developments. I also believe that none of these currents accepted fascism as a whole, but discriminated between what they shared and what they did not share. Therefore, it was 'within' fascism, and planned an outcome for the situation, an outcome that did not necessarily coincide with what the regime achieved from time to time, in its various phases. I have always wondered what united such different men as Gentile, Evola, Preziosi, and Michels in fascism, and my answer is that each current of thought present 'within' fascism *interpreted* the revolutionary movement *in progress*. I have emphasised words that seem important to me because they differentiate our possible stance towards fascism from those possible to a contemporary of it. It was an interpretation: one could have given a consistent political assessment as follows: I agree with the objective but I do not accept the dictatorial method. It was an ongoing process; therefore, the person mentioned above could have concluded: we must remain within the process (which I partly agree with) because it is conditioned to abandon the other part and adopt certain different institutional forms that it potentially contains. We cannot evaluate fascism in this way, for the simple reason that we are not contemporaries of it, that is, it is no longer an ongoing process: the fascism of the twenty-year period is over, and it can no longer evolve in one direction or another; it cannot evolve at all. The problem of neo-fascism may be raised, but this is another issue, a political one, a current one, which has nothing to do with the historical theme I am addressing now.

So, it was an ongoing reality, a movement. To contemporary eyes , the victory of one political line over another would have changed the face of the regime, and today we would not be talking about the fascism that Italy experienced, but about another form of fascism of who knows what kind. And there were interpretations: not everyone thought that fascism was or should be the way it was. After all, the same thing happened to communism: Marx, Stalin and Gorbachev called themselves 'communists', but they were exponents of different and irreconcilable forms of 'communism', as the relatives of Stalin's 'communist' victims are well aware of Stalin's 'communist' victims. The problem, therefore, is agreeing on the names.

In the case of fascism, there is a complication: in my opinion, unlike communism, fascism did not have a real political programme. It was full of intentions, which were often good intentions. Today, one could say that it was pure propaganda to win the consent of the masses. Yes, but for those who lived through it, the good intentions were no less real than many other less good ones, and could represent the political programme of a current within the regime.

So could we today propose one of these 'possible fascisms' as a new and relevant political project? This is a question I do not intend to address here, but I mention it because it makes *political* sense: elsewhere, I have given a completely negative answer. In particular, it is not possible in the case of Pound. Fascism rests on a structural theoretical contradiction.

In its 'beautiful face', it aspires to a programme that contains the best of everything that had been thought of in terms of an alternative to capitalism: a synthesis. But let us be clear: a synthesis of current movements, which were contemporary to it. Obviously, if that synthesis were to be proposed again today, it would no longer be a synthesis, but an ideology, which would leave out many elements of our anti-capitalist contemporaneity; this exclusion would not be at all in the 'spirit' of historical fascism. On the other hand, if neo-fascism were understood in the sense of synthesising the best of what is thought today, it would obviously not be fascism.

Then, historically, synthesis takes shape as a corporative state. This consists in the transformation *into organs of the state* of structures that arise and exist positively as *organs of society*. This results in a totalitarian structure: the corporation, rightly understood, is an institution of society *against* the state; it has the state as its counterpart. By transforming it into a state organ, the entire social body is nationalised, and the regime takes on a totalitarian character that cannot be eliminated from its theoretical construction. This excludes any conception of society as free from the state, and thus gives ideological totalitarianism the historical form of dictatorship. And with that we come to Pound.

*Jefferson and/or Mussolini* (1933) is a book that discusses three statesmen: Jefferson, Mussolini and Lenin. Lenin is always in the background. Furthermore, Mussolini is viewed from Jefferson's perspective: it is Pound's interpretation of the contemporary fascist present. Both Jefferson and Mussolini are viewed from Confucius' perspective.

The three statesmen are not interchangeable, but for Pound they have notable elements of affinity. In short: they govern well. But, to paraphrase Pound himself, it must be said that the emphasis is not on the fact that they govern *well*, but on the fact that *they govern*. In Confucian terms, for Pound, governing (what governing really is, as opposed to using political office for personal gain) is defined by the presence of two elements:

- 1) an action, or series of actions, is carried out for the benefit of the people;

2) the action takes into account the elements actually present in the country, the given conditions.

In other words, governing is the ability to discern reality; it is an adequate vision of reality, onto which, so to speak, a value is grafted. Political action aims to realise a value, but does not lose itself in utopia. To use a Confucian image: the ability to discern between the branch and the root. The least important thing is what we would call an ideological manifesto. Given this conception of governing, it is clear that the ideological manifesto and the concrete political programme will be different in Italy, America and Russia, because they will relate to different real conditions. Not only social conditions, but also conceptions of life and cultural sensibilities.

Pound does not deny the need for consensus as a key element of political action. If anything, I believe he is inclined to think that consensus polarises around one or more objectives that someone must think of in order for them to be proposed. He also has a strong sense of history. In 1910, he wrote:

'It is dawn in Jerusalem when midnight looms over the Pillars of Hercules. All ages are contemporary. In Morocco, for example, we are still before Christ, in Russia in the Middle Ages, and the future stirs in the minds of a few'.

This is not only a definition of our era as the age of contemporaneity, but also the formulation of a condition for political action: clearly, the same political programme cannot be envisaged for Russia and Morocco. Consequently, the Russian revolution cannot be exported to Morocco, nor would a hypothetical Moroccan revolution be exportable. On this level, Pound certainly rejects the internationalism in vogue at the time, anticipating a criticism that the post-war communists would later embrace. At the same time, the quoted sentence points to another level, which is also relevant to politics: that of the few who are capable of seeing or imagining the future. But these few can only breathe in an international atmosphere, of course. What the different national situations condition is the translation into political action of the path to be taken to build the future here and now.

We will see that, beyond appearances, this future is almost a new form of socialism. Here is another aspect of Pound's historical sense: Marx had said what was essential, but he was speaking, Pound observes, with a view to a society very different from the present one; he was speaking in the context of a historical phase of the economy, a form of economy that no longer exists today. Therefore, continuity with Marx in terms of values cannot be combined with equal continuity in terms of proposed solutions and programmatic formulas, precisely because of the change in the terms of the problem that Marx addressed. This is why Pound's communist interlocutor is not so much Marx as Lenin, the man who, in his political action, broke with continuity

with Marx and thus won the revolutionary gamble. He won despite the Menshevik orthodoxy not supporting him.

The first characteristic of the Duce's policy, mentioned in the first sentence of *Jefferson and/or Mussolini*, is very significant in Pound's interpretation: the 'quiet battle against everything that is *anti-historical*'. We are not interested here in whether or not Mussolini fought this battle; Pound's book has the subtitle: 'Fascism as I saw it'; we are interested in *his* interpretation of fascism, from which we deduce not the ideology of fascism but the political ideas of Ezra Pound. Then, everyone can judge for themselves whether these ideas are consistent and in line with the interpretation of fascism that they like best.

The second point is also very significant and refers back to the previous observations: 'Mussolini never asked nations with different historical constitutions to adopt structures typical of fascism'. The structures he alludes to are specifically the corporative state, understood by Pound as 'a scheme for ascertaining the will of the people'. In fact, Pound is not a fascist because he believes in this scheme. Whether he believes in it in the abstract is secondary. What he is saying in the book is more complex, namely:

1) the structures of parliamentary democracy, which predate fascism, are not really rooted in Italian history; they are not a product of it, but are little more than a mere import, an exoticism;

2) Mussolini's act of *government* consists in devising a simpler scheme for ascertaining the will of the people, a scheme better suited to Italian characteristics and respectful of the principle and political value of consensus;

3) Therefore, the chosen model is the solution to a problem, and as a solution it is entirely contingent: if the actual historical conditions had been different, if it had been in another country, another model would have been devised, adapted to the changed conditions.

4) this ability to find solutions appropriate to the country – which in this case is the corporate state – is a real example of good governance;

5) thus, in another country, finding solutions other than the corporate state, but appropriate to the real conditions, would also be an act of good governance;

6) Adherence derives from the ability to perform these acts of good governance.

Here, a further point arises. Good governance reveals, as we said, a developed historical sense: not only is it appropriate to the given conditions, but it is also in step with the times – which are new times, times of epochal change. This change, thanks to new technological and productive potential, renders many, if not all, previous political theories obsolete and pushes towards new ideas. This is especially true in economics. Announcing a very important theme for understanding the filiation – and at the same time the discontinuity – from Marx, Pound writes: 'The economist is grappling with an ever-decreasing need for human labour' (an allusion to the productive capacity of machines). The machine is one aspect, certainly not a secondary one,

of the novelty of the times. Since shoes can be made by machine rather than by hand, it is no longer an objective problem to produce enough shoes for the entire population: the problem of production, says Pound, is solved; and above all, it is solved by reducing the amount of human labour required: to provide shoes for the entire population, fewer workers are needed than if the shoes were made by hand. This means that the problem of distribution remains open – and can be addressed in new terms; in a nutshell, if we have shoes available, it is a matter of giving them to everyone. Now, saying that this problem remains open is the point of continuity with Marx. But reasoning about this problem after the problem of production has been solved means finding oneself in a historical situation different from that of Marx, and thinking of different solutions: this is the point of discontinuity with Marx.

For Pound, the solution passes, in one way or another, through the examination of another problem: the financial one. If there is one real criticism that Pound levels at Marx, it is that he never questioned the nature of money. And if there is one reason why Pound deeply adhered to historical fascism, it is because within it he found a current that discussed money and the function of credit. The distribution of goods and money are closely connected: 'Distribution is ensured by small pieces of paper'. The idea, in very simple terms, is this: if shoes are available, the problem is not to distribute them through complex interventions in the mechanisms of their production; if they are available, it is enough to buy them, and therefore the problem is to intervene in the distribution of money.

On this point, Pound is not strictly speaking a fascist; rather, he finds in fascism the political will to address the issue. He wants to make his own personal contribution to this political will, since he considers it an essential issue and cannot find any other movements willing to deal with it. But Pound's sources are not fascist authors, but rather Gesell, medieval authors and ancient Chinese writers.

Quoting Mussolini, as reported by Pound: 'Modern science has succeeded in multiplying the possibilities of wealth; science, controlled and spurred on by the will of the state, must solve the other problem: the problem of the distribution of wealth so that the illogical, paradoxical and at the same time cruel event of misery in the midst of abundance no longer occurs'. This is the point of convergence between Pound and fascism, a point of clear socialist origin. All this is only in the introduction to the book.

The actual discussion opens with the question of what constitutes the best form of government. A quote from Jefferson is cited, perfectly in line with the best European tradition: 'The best government is the one that governs least'. After a few digressions, Pound returns to this and adds a sharp and extremely interesting footnote: 'A superficial interpretation emphasises the adverb "less" and cheerfully overlooks the verb "to govern".' So, what is government? It is *also* a direction of the will. Which, says Pound, brings us back to Confucius and Dante.

The direction of the will is a discernment that knows how to seize the opportunities really offered by concrete situations. We are talking about opportunities, of course, not what we call opportunism: Pound is very careful to distinguish between the two. Opportunities are seized by intelligence. But the intelligence we are talking about here is not a vague faculty: we are in politics, and therefore *real* intelligence reveals itself in its translation into action. We do not say that a politician is intelligent because he can solve puzzles, but because he makes choices in which he has grasped and made available to the common good an opportunity, a favourable possibility allowed by circumstances. It is an intelligence capable of answering the question: what can be *done* in the *given* situation? *Doing*, not thinking.

In abstract terms, the answer to this question can be sought in two ways: in preconceived ideas, in existing mental frameworks, in *idées fixes*, as Pound puts it, or by producing a new answer, devised *specifically* for the elements of the given situation. For Pound, Mussolini followed this path: the Fascist revolution 'was not inspired by any preconceived model'. This is what makes it different from the Russian revolution. This does not mean denying the value of what Lenin achieved. It simply takes into account the difference in circumstances: 'Lenin did not have the Vatican in his garden. He knew Russia and dealt with the Russia he had'.

in front'. And again:

'Lenin was fortunate and faced a series of obstacles. He did not face the Italian obstacles, and it is perfectly useless to seek the specific weight of a man's achievements in the false assumption that he was solving a problem other than the one he was, or is, actually dealing with'.

Therefore, it is crucial to consider the real problems faced by each statesman in order to make the solutions they developed irreducibly different from one another. But there is also a difference in historical level, included in the concept of contemporaneity. Although each responded to specific problems, the Fascist and Russian revolutions took place on two different historical levels, in two different economic phases. Thus, Pound writes:

'The Russian revolution coincides with the end of the Marxian cycle; I mean that the Marxian economy was conceived when labour was necessary, when a *great deal* of labour was *still necessary*, and Marx's values are based on labour. The new economy bases value on cultural heritage, which is labour *plus* the complex of inventions that make it possible to achieve those results, *previously* obtainable only through labour, and to do so with a gradually decreasing amount of labour.'

Considering the complex of historical revolutions, Pound notes that none of them started from the same point, nor did they arrive at the same results.

identical. Hence the impossibility of exporting a revolution, as well as the impossibility of an abstract ideological scheme of universal scope. For example, with regard to communism, Pound notes that the boundary between public and private is not fixed, but varies from one society to another, and there is no reason why this should not be the case.

Now, from the perspective of good governance, the political problem is always attention to real needs, especially new needs. 'Not only must borders be protected, but in a mechanical age, man, you, me and others, also need help against the Kreugers and Hatrys' (I suppose these are distinguished capitalists of the time, and I do not think they deserve further investigation). This poses new problems for the government and leads to a new way of thinking about the state as a tool to address them: the state claims supervision.

Pound defines the idea of the state through two characteristics: *impersonality*, i.e. attention to things to be done rather than limited and personal considerations - the lack of personalism - and *the goals* to be achieved:

"This morning (11 February) I attempted to establish a "law" or equation that describes the new political impulse, enunciates the enlightened aims of the various, specific, *intelligent* directives and initiatives of *the present*.

I. When the necessary exists, the means must be found to distribute it to those who need it (Specific: 'even to those who simply intend to use and consume it, with all the importance of this pair of verbs').

«II. It is the duty of the nation, before worrying about the rest of the world, to ensure that its own members have their share. (This corresponds to the Confucian idea that the good of the world is achieved *by first* providing good government to one's own country [*Editor's note: this has nothing to do with those who expel immigrants from the state, a problem that could not even have occurred to Pound, himself an immigrant*]).

"III. When the *potential* production (possible production) of any good is sufficient to satisfy the needs of all, it is the duty of the government to ensure that *both* production *and* distribution are secured."

For Pound, this is the idea of the state: something he carefully distinguishes from *statism*. He attributes to fascism the desire to keep the state out of all areas where social life can function autonomously:

"If, in any circumstance, an individual or an industry is able and willing to take care of its own affairs, the fascist state *wants* that industry and that individual *to do* so, and it is only in cases of pure idiocy, incompetence, simple greed and a desire to prevent others from

enjoy what is superfluous to itself, that the state intervenes to protect disorganised *people*'.

In this sense, it is a form of *government* which, through the idea of the state or state supervision, tends to achieve the objective of governing *less*. It is not the absent state (when convenient) of economic liberalism, nor the Catholic principle of subsidiarity - which in principle has all the appearance of a *technical*, not political, intervention by the state to compensate for an operational impossibility of society - but it is a political conception of the state itself; therefore, a political conception that subjects the real institutions of the state, rejecting the fiction of considering it neutral. In principle, it subjects it to the *benefit* of the people, and tries to make as little use of it as possible.

When I tried to grasp the essence of the relationship between Pound and fascism, I realised with surprise that Pound had a completely de-ideologised view of it: he was not in the least interested in the doctrine, theory or political manifesto of fascism. Just as he was not interested in Lenin or Jefferson. Everything is subordinate to the category of good government: if this exists, 'the rest is political "organisation", bureaucracy, a useless waste of time. Jefferson, Mussolini and Lenin were, and are, all intolerant of it'. And again: 'A good government is one that operates taking *into account all* that is best thought and known. And the best government is one that translates *the best thinking* into action as quickly as possible' (my italics). More than an ideology, this presupposes cultural richness, a ferment of ideas and lively debate between many ideologies. Absurdly, if the situation objectively required the total transformation of state structures, for Pound the best fascism would be one that, with the utmost speed and intelligence, would dismantle the old structures, even those invented by fascism itself.

This attitude is paradoxical only in appearance. For Pound, politics is not the matrix of culture, but rather the opposite: culture is the sphere that autonomously produces the ideas that politicians must take into account; and the more they take them into account, the more political they are: politicians as such are those who translate ideas into action and actions into benefits for all. Within an ethical framework. This characterises the politician to such an extent that Pound rejects the idea of the will to power, understood as the struggle for power for its own sake. And he does so in no uncertain terms:

'The "will to power" (admired and exalted by the generation before mine) was introduced into literary jargon by a hysterical German-Polish madman. Nothing more vulgar, in the worst sense of the word, has ever been proposed to idle intellectuals. Power is necessary in some cases, but neither Lenin nor Mussolini ever

shown themselves to be power-hungry men. The superior man is driven by a different passion, the desire for *order*'.

But even in this case, it must be specified that there are different ways of arranging things, calling one's preferred arrangement 'order'. For Pound, it is a Confucian matter of putting one's ideas in order, knowing how to distinguish between the branch and the root.

This concept of good government fits into a *democratic framework*. The problem lies in agreeing on what Pound means by real democracy, perhaps achieved through a certain

'decisionism', and which contrasts with a formal democracy that is continually betrayed and emptied of meaning. Just as Pound is not concerned with the theoretical manifesto of a political party, so he is not concerned with the institutional structure, at least in the first instance. For Pound, democracy exists when the government acts correctly for the benefit of the people, of all the people, ascertaining their will through any effective method. Given this essential point, we can talk about institutional forms:

'The problem of democracy is to know whether its consequent system, its *de jure*, can be made to work by men of good will; whether real issues, not mere pretexts, *can* be dealt with by the legislative bodies (House and Senate) and whether a sufficiently active part of the population can still be persuaded to unite and compel its elected delegates to act correctly and even moderately intelligently'.

This is not a criticism of the principle of popular sovereignty, but of the real effectiveness of bourgeois parliamentary democracy as a means of achieving this sovereignty. It is a criticism of forms of representation, because in reality they do not represent. Thus, if at the beginning he spoke of corporatism as a scheme for ascertaining the will of the people, now – continuing the previous quotation – he adds:

'Curse the Bolsheviks as much as you like, but Russian projects have served as a stimulus to both Italy and America. For the first time, our democratic system is fighting against those systems that profess greater care for national welfare'.

For Pound, who here reveals his interpretation of fascism, the guiding ideas of Jefferson and the best of America's Founding Fathers *are working* in Italy. He goes on to write:

"This does not necessarily involve importing details, institutions more suited to Italy and Russia than to the desert

of Arizona or the characteristics of Boston farms. But it ultimately means an orientation of the will."

Orientation of the will towards the effective common good of the nation: this is the ethical essence of politics for Ezra Pound; a will that has a clear purpose but operates within the limits of the given conditions, keeping in mind everything that is validly thought. This is the attitude that, according to Pound, Mussolini, Lenin and Jefferson have in common.

With a joke that is not too far from the truth, one could say: it is not that Pound is a fascist; rather, Pound interprets Mussolini as... Poundian. Of course, we must bear in mind the optical aberration inherent in contemporaneity: Pound speaks of an ongoing revolution, in which the game is not yet over; fascism is replacing the existing *de jure* with a new law, which is not defined in detail; indeed, its definition is the subject of a bitter political battle within the movement. It would be wrong to interpret what was said about de facto democracy to mean that Pound lacks respect for established procedures. On the contrary, he notes that fascism, as a revolution or a questioning of previous legal and institutional terms, has not yet developed new procedures. But *it must* develop them. Pound's observation that Mussolini is at the head of a movement that *has organised* power, while Roosevelt is at the head of a nation where power was already organised, is interesting. Roosevelt is only apparently more democratic than Mussolini: the latter, in fact, should be judged on the basis of his practical achievements, which create the *de jure* of the fascist state, while attributing all powers to Roosevelt, who already has a *de jure*, would be tantamount to a coup d'état. In short, the legitimacy of fascism depends on what it does and how far it goes, since it is a movement. The same applies to Lenin's revolution.

In any case, Pound notes, power is not something that can be conferred.

"Grant authority to a fool and you will immediately fall into chaos... Similarly, the extent of power that can *be delegated* is limited by laws as precise as those governing the intensity of the current that can be sent through an electrical wire of a given thickness and consistency."

There is always an institutional problem; institutions are not fictions, and indeed it is the fact that they have been considered as such that has discredited parliamentary democracy. But there are institutions that have been created and are worth saving, and institutions that are being created. In the first case, the institution provides legitimacy and guarantees citizens as it is an instrument at the service of government:

'A leader who is not supported by a legal organisation is more dependent on the general will of his party than an elected official who has institutions to turn to'.

In the second case, government legitimises itself (if it succeeds) to the extent that it is recognised as good government. For Pound, this is the case with Mussolini's authority, which derives simply from general consent for the things he does and the conviction that he is right.

At this point, having almost completely outlined his scheme of ideas, Pound returns to quoting Confucius, providing a summary of principles relevant to the topic:

'The doctrine of Confucius states:

It is only possible to create order around us after we have created it within ourselves and understood the reasons for our actions.

It is only possible to improve foreign governments after improving that of one's own country.

That private gain does not mean prosperity, but that a nation's treasure is its honesty.

That hoarding is not prosperity and that one must use one's resources...!.

These Confucian principles define the moral and political framework within which Pound places fascism, risking its interpretation. He sees it as a continuous revolution, taking place here and now, in its social aspect:

'As I write (February 1933), the Fascist government has preceded others in Europe and America in recommending that when industries need fewer workers, they should reduce the number of daily working hours for all categories, or only for some in particular, rather than reducing the number of people employed. And instead of requiring overtime from people already on the payroll, they should hire new employees!.

(Instead, as I write this – January 1994 – this is a major issue for left-wing forces in Europe).

As can be seen, Pound does not limit himself to fascism but, rightly or wrongly, interprets fascism as a moment of will defined by anxiety for social justice, in an anti-capitalist key. One of the main points of contact with fascism occurs in the field of economics, and here too it must be said that Pound *finds* certain orientations consistent with the ideas he had developed in his own independent research, mainly through classical and American sources.

It is very interesting, for our purposes, to understand not so much the individual economic solutions to social problems proposed by Pound, but rather the way in which he interprets the economy as such. We must forget certain lapses of

in his polemics, due to the exceptional nature of the historical moment, and try to grasp what is truly essential.

For Pound,

'all trade passes through money. All industry passes through money. Money is the pivot. It is the middle ground. It stands between industry and workers. It may be that the purely economic man does not exist, but the economic factor in the problem of life does exist... Money... contains two elements: that which measures prices on the market, and that which gives the power to buy goods... The banknote measures price, not value... But who supplies you with the banknotes?' (*Labour and Usury*).

Currency is sound, he writes in *Rassegna Monetaria*, "when it is issued by those who possess goods or who are able to perform a service, in exchange for goods and services, and when the goods or services themselves are desired." And in *Lavoro ed usura* (Work and Usury), he specifies: 'The valid basis of credit was already known and established at the beginning of the 17th century by the founders of Monte dei Paschi di Siena. It was, and is, abundance, or rather the productive capacity of nature, taken together with the responsibility of an entire people'. Let us say that this is national wealth, and that currency is representative of national wealth. This has some immediate consequences.

First of all, ownership of currency belongs to the nation, i.e. it cannot be issued or controlled by a private individual, but by the state, in the name and on behalf of the entire community.

Furthermore, it is wealth derived from material goods and potential labour, not just from goods that actually exist at a given moment. For Pound, the construction of an industrial plant can be financed by issuing currency, which it would be absurd to consider inflationary in itself.

Thirdly, since human labour enters into the production and marketing of any good, such labour is itself a good and can guarantee the value of money: labour money, i.e. money as a certificate of labour produced within a system. 'With the phenomenon of labour money, money can be used where credit was previously used' (*Guidelines*).

Fourthly, if money represents real national wealth, in its actuality and effective potential, the monetary problem is:

*"How to adjust the purchasing power of the entire population to the total goods (services) available"* ("*Rassegna Monetaria*"). This is the key point.

As I said, I will leave aside the technical solutions proposed by Pound and try to understand what they are trying to solve, not the fact that - according to capitalist theorists - they do not solve it. What they want to solve is the social problem: "Social justice demands equal advantages for all. The advantage of labour money derives mainly from one fact alone.

Labour cannot be monopolised' (*Labour and Usury*). In other words, it is not possible to expropriate the community of its currency.

The social nature of money (and the collectivisation of profits from the monetary system) make it the ideal tool for solving the problem of distributing what is produced *to everyone*: 'Without defining the central problem of economics, it is impossible to construct a science. This problem is none other than that of feeding and providing a good life for an entire population' ('R.M.'). Economic science, therefore, is not an abstract construct, but an activity that is structured and determined on the basis of a very specific goal: the well-being of all people. Other forms of economy can be conceived, which aim at other goals, such as private well-being, but such forms cannot be *accepted*: this is the political point of Pound's economic thought, without which any judgement is distorted. Pound does not espouse certain technical proposals for the sake of doing so, but because they seem appropriate to the purpose he assigns to economics; and it is clear that this purpose is a permanent given, while the technical proposal is linked to the times, to contingencies, and also to the skill of the technician. The essence of economics according to Pound therefore lies in *the directio voluntatis*, that is, in the goal to be achieved through economics. In other words, the entire economy reduced to an instrument of a political will that seeks collective well-being. Pound fully agrees with Marx's diagnosis, but opposes it with a new prognosis: the socialisation or collectivisation of the monetary system.

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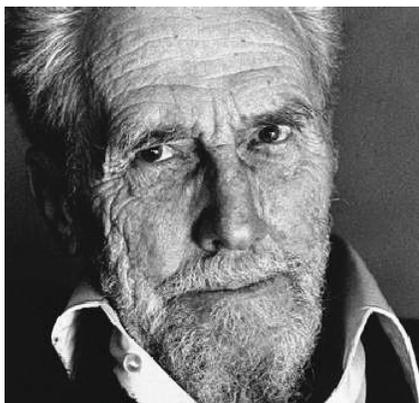
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### *Ezra Pound*

#### *What is the use of money*

There will never be an end to disorder, we will never have sound public administration, unless we acquire a precise and clear understanding of the nature and function of money.

I could go back and talk to you about the paper money issued in China in the year 840 AD, but it is the history of money in the Western world that interests us.

First of all, bear in mind the words spoken by Patterson, founder of the Bank of England. He assured them that the bank would do good business because 'the bank profits on the interest on all the money it creates out of nothing'.

So what is this money that the banker can 'create out of thin air'?

#### *Measurement of prices*

Money is a mandate, a quantitatively determined title. This is the fundamental quality that distinguishes it from other titles that are not quantitatively measured, such as, for example, the title of a person to appropriate what

I possess through requisition in wartime, or an invader or thief appropriating it all.

Money is a quantitatively determined title, delivered by the buyer to the seller in exchange for the delivery of goods, without any other formalities being required; except that sometimes a receipt is issued.

The concept of justice is inherent in the concept of measurement, and money is the measure of price.

### *Means of exchange*

Money is valid when the public recognises that it confers a right, and when goods or services are delivered in the quantity determined by the value printed on the 'ticket', whether it is metal or paper.

Money is a generic ticket, and only in this does it differ from a railway ticket or a theatre ticket. If this statement seems childish to you, consider for a moment the nature of other tickets.

A railway ticket is a quantitatively determined title. A ticket from Rome to Frascati has a different value from one from Rome to Catania. Both are measured in kilometres of invariable length. A monetary ticket, in an unhealthy monetary system, has a fluctuating value. For a long time, the public has relied on people who use unstable measures.

Here is another point of view. Theatre tickets are dated. You would not accept a ticket for Row B, No. 7, if it did not have a date on it. If six people were entitled to the same seat at the same time, the ticket would have a very relative value. (Orage asked, 'Would you call it inflation to print as many tickets as there are seats in the theatre?').

We often hear that money is a "medium of exchange"; this means that it can circulate freely from hand to hand as a quantitatively determined title to goods and services, which it measures in relation to each other.

### *Guarantee of future exchanges*

Our definition of money will be precise if it is expressed in words that cannot apply to anything else and if the definition omits nothing that is essential to the nature of money.

When Aristotle calls money a 'guarantee of future exchanges', he means that it is an undated note that will be valid when we want to use it.

Sometimes these notes have remained valid for as long as a century.

When the money owed for goods or services received is not delivered immediately, we say that we have credit. 'Credit' is the trust of others in our ability and willingness to deliver both money and other goods measured by money at the appropriate time.

### *The purpose of money*

Most people are so intent on obtaining their share of money notes to use as a measure of purchasing power that they have forgotten the *purpose* of money and become entangled in an inextricable mass of errors and confusion regarding the total amount of money in circulation in a country.

An excellent hammer is worthless as a toothpick. If you ignore the purpose of money, you will use it in a confused manner; above all, a government that ignores the purpose of money will pursue a confused monetary policy.

From the state's point of view, that is, from the point of view of an individual or a party wishing to govern justly, a piece of money is a banknote, and all the money circulating in the country is a pile of banknotes, which serves to ensure the equitable distribution of food and other goods existing in the country.

Nowadays, the task of anyone who wants to write a pamphlet on money is not to say anything new, or to come up with a thesis or prove a theory; all they have to do is highlight certain facts that have been known for 20 and sometimes 2000 years.

One must realise the purpose of money.

If you think it is a trap to catch suckers, or a means of exploiting the public, you will be an admirer of the banking system operated by the Rothschilds and the Wall Street bankers. If you think it is a means of extracting profits from the sweat of the people, you will be an admirer of the stock market.

So, finally, to bring some order to your ideas, you will need some principles as reference points.

The purpose of a rational and decent economic system is to arrange things so that people can feed, clothe, and house themselves within the limits of the mass of goods available in the country.

### *The value of money*

Since money is the medium of exchange in such an economic system, you will realise that in order to be a fair medium of exchange, it must be quantitatively determined.

What will you use to measure the value of goods? An egg is an egg. You can eat it (as long as it doesn't rot). Eggs are not all the same size, but they could serve in a primitive community as an approximate measure of value<sup>1</sup>.

The Austrian monetary reformer Unterguggenberger used labour as a unit of measurement, 'Arbeitswerte', 10 shillings of labour. This might have been fine in an Alpine valley where everyone did more or less the same work in the fields.

Charlemagne used grain as a unit of measurement; a certain number of bushels of wheat, barley, or rye was worth a 'denaro' or vice versa; the fair price of barley was so many bushels.

In 756 AD, it was 2 denarii.

And in 808 AD, it was 3 denarii.

This means that farmers obtained more money for the same amount of barley. We hope that they were able to purchase a greater quantity of other goods with that money.

Unfortunately, the value of goods depends on the volume available—scarcity, sufficiency, or surplus—to meet demand at a given time.

A couple of eggs will be very valuable to a hungry castaway on a raft.

Wheat will be worth more than woollen cloth in some seasons than in others. The same can be said of gold and platinum.

A single product (even gold) cannot provide a sufficient basis for money.

*The authority of the state guaranteeing the printed banknote provides the best basis for fair and honest circulation.*

The Chinese realised this more than 1,000 years ago, as evidenced by the state (not bank) banknotes issued by the Tang dynasty.

The right to issue money (banknotes) and to determine its value is an exquisite attribute of sovereignty.

American interests obscure the most important article of the United States Constitution.

These interests claim that the American government does not have the right to set prices. *However, it does have the right to establish the value of money: a right that belongs to Congress.*

The difference is therefore only a matter of legal formulas and verbal provisions.

The US Government has the right to say that a dollar is as thick as a bushel of wheat, as long as a metre of cloth, as wide as a decilitre of petrol.

Therefore, the United States Government has a legal right to set the right price and establish a fair pricing system.

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<sup>1</sup>Oxen served this purpose among the Zulus and other African tribes.

### *The fair price*

Centuries of trade gave rise to the canonists' doctrine of fair price and a thousand years of reflection – from St Ambrose to St Antoninus of Florence – on the means of determining the fair price. (Medieval guilds dealt incessantly with this problem and created bodies to determine it).

For both the followers of Douglas, advocates of 'social credit', and modern Catholics, the *fair price* is the necessary postulate of their systems. Douglas can be criticised for not having devised and created the bodies to ensure compliance with the fair price. A priest recently told me that British 'distributors' are beginning to realise that they have no bodies to establish and enforce the right price.

Only the state can effectively establish the fair price of a product, through the stockpiling of raw materials under state control and the creation of a corporate system of production.

### *The volume of money*

Once the value of the dollar, the scudo or the lira has been established, it will be up to the government to print the banknotes and ensure that they reach those who are entitled to them.

Those entitled are all persons not engaged in crime, and for the purposes of this pamphlet, crime includes fraud committed to the detriment of others by means of monetary racketeering.

In the United States and England, the volume of money is insufficient (at the time of writing: 1939). There are not enough banknotes in circulation among the population to allow them to purchase what they need, despite the fact that goods are sitting in warehouses or rotting on the docks.

When a nation does not have or cannot obtain the quantity of foodstuffs necessary for its people, it is a poor nation. When those foodstuffs exist and the people cannot obtain them through honest work, the state is rotten, and words are not enough to describe how rotten it is.

But when a banker or professor tells you that a country cannot do this or that because it lacks money, he is telling a lie as vile and stupid as saying that roads cannot be built because there are not enough kilometres. (The phrase is not mine, but it is too good not to be put into circulation).

Roosevelt and his professors were on the right track when they wanted the commodity dollar; but they overreached and resorted to subterfuge and loopholes when it came to providing enough banknotes

to meet the needs of the entire population and to ensure that *those notes circulated*.

*It is the duty of the state to ensure that the volume of money in the hands of the entire population is sufficient and to ensure that it circulates at the speed necessary for the distribution of all goods produced or producible.*

If all the citizens of a country cannot eat three meals a day and do not have enough to clothe and house themselves, it means that that country is either indolent or unhealthy. If this happens in a rich state, it means that the wealth of that state is not being fully exploited.

### *Social credit*

Value is largely due to labour. Wheat is available because the land has been worked; chestnuts because they have been harvested.

But much of the work has been done by men - mostly inventors, well diggers, industrial plant builders, etc. - who are now dead and therefore cannot eat or wear clothes.

Thanks to this legacy of economic and scientific equipment made available to us by these deceased individuals, a considerable amount of *social credit* has been created, which can be distributed among the people as a bonus in addition to their wages.

Douglas would like to see the nation's overall purchasing power increased by issuing notes to be distributed on a per capita basis, in proportion to the volume of goods available. Today (1939) in England and the United States, available and demanded goods are not being purchased because the total volume of purchasing power available to the public (i.e., the total volume of notes in circulation) is insufficient.

Mussolini and Hitler wasted no time in making proposals. They began, and still continue, to distribute both banknotes and goods in proportion to the capacity and activity of their respective peoples, Italian and German.

Douglas may object that this way of acting is not 'democratic' (i.e. egalitarian), but for the monetary expert and the economist, the result is the same. Goods are distributed.

These three men consider justice from slightly different points of view. All three agree on the need to make up for the shortfall in national purchasing power. A decade has now passed since I said that Mussolini had achieved much more than Douglas, because Douglas presented his ideas as a system based on greed rather than will.

But both systems, the Fascist and Douglas's, differ as much as night and day from the ignominy of the infamous British system

British system of subsidies (*dole*) paid to the unemployed with money taken from workers, a system that makes the unemployed increasingly unfit for work and increasingly incapable of enjoying life.

Not only do they become a dead weight on workers, but also on all those who strive to maintain a decent standard of living. The whole scale of values is distorted. Every year, the sense of social values, of the duty to live in a way that does not harm others, to exercise moderation and to be provident, diminishes more and more.

The creation of money to ensure the distribution of goods is nothing new.

If you do not want to believe that Emperor Tching Tang was the first to distribute a national dividend in 1766 BC, call it something else. Let's say it was an extraordinary subsidy, but the fact at least serves to clear up a misunderstanding. The Emperor exploited a copper mine and minted round coins with square holes, which he distributed to the poor 'and this money allowed them to buy grain from the rich'; but this money could not change the general shortage of grain.

This happened three thousand years ago, but it helps us understand the nature of money and what it can do. For the purposes of good government, money is a ticket that serves to ensure the distribution of goods available on the market without social disorder; it can also encourage greater production of grain or other goods, that is, encourage abundance. But money itself is *not* abundance.

### *Inflation*

'Inflation' is a word used as a scare tactic to deter people from any monetary expansion.

Real inflation only begins when money (quantitatively determined securities) is issued against goods or services that cannot be delivered (this was the case with *the assignats* of the French Revolution, issued against land belonging to the state), or when it is issued in quantities exceeding the demand for available goods or services. In such cases, the situation is comparable to that which would exist if two or more tickets were issued for the same seat at the theatre at the same time, or in London for a show given that evening in Bombay, or for a poor show that no one wants to attend.

*Money can be issued in such quantities that each of the quantitatively determined securities can be satisfied by the country's producers and traders with the delivery of goods or services where and when they are demanded by the public.*

### *Gesell's stamped certificates*

Inflation is a danger; money stagnation is another.

Gesell, the South American monetary reformer, foresaw the danger of hoarding and wanted to prevent it by issuing stampable certificates, i.e. government notes on which the bearer must affix, on the first day of each month, a stamp equivalent to 1 per cent of the face value of the note itself. Notes that were not duly stamped would not be legal tender.

It is a tax on money, which could be levied – in the case of the lira – at a rate of 5 or 10 centesimi per month on 5 and 10 lire notes. The tax on money can be levied in many different ways; the one devised by Gesell offers the advantage of only affecting those who, on the date set for collection, have at least a hundred times the amount of the tax in their pockets.

Gesell certificates offer a means of exchange and a measure of trade that cannot be hoarded with impunity. They should always be in circulation. Bankers would not be able to lock them away in their vaults and tax the public for their use. They would also have the advantage of putting sellers of perishable goods in a better position to deal with holders of money, which is theoretically non-perishable.

I like the Gesell system above all because the people who use it gain an accurate understanding of the nature of money, understanding it better than those who have not used these stampable certificates. I am certainly not eager to introduce new stamps; however, I would point out that the public is *not* too stupid to use postage stamps and that there is no need to claim that it is too stupid to learn what money is.

I am not saying that it is compulsory to use the Gesell system, but once you realise *why* he wanted it, you will no longer be fleeced by the sharks in the banks and monetary authorities without realising that you are being fleeced. That is why Gesell is so useful as an educator. He devised a very simple means of ensuring that banknotes circulate.

### *State money*

In 1816, Thomas Jefferson made a fundamental statement that has never been properly assimilated, let alone put into the proper context of the various 'modern proposals' for special improvements to the current damned and ruinous monetary system - or rather, mafia.

Readers would do well to take note of Jefferson's statement:

*"...And if the national notes issued are based (an indispensable condition) on the guarantee provided by specific taxes created to redeem them at fixed and reasonable intervals, and are of a denomination suitable for*

*circulation, it would be neither necessary nor fair to charge interest on them, because they would serve all the purposes for which the metallic money would be withdrawn and replaced by them." Jefferson to Crawford, 1816.*

This formula dictated by Jefferson is sound. If the state issued money in sufficient quantities to cover valid and justified expenses, and if it circulated it continuously so that it went out the door and came back in through the fiscal window, the national economy would not suffer any downtime.

The issuance of honest money is a service, and when the state provides this service, it is entitled to fair compensation, which differs from almost all forms of taxation known to date.

I say 'when the state issues it' because when states are weak or incapable, or when they issue money inadequately, individuals or consortia rightly take on this task (or retain it from pre-state periods) and it is better, indeed necessary, that the monetary function continues to be exercised rather than being halted or ceasing altogether.

But on the other hand, any nation that abandons the instrument for measuring trade to forces outside the nation is a nation in danger; it is a nation without national sovereignty. It is a nation of incompetent cretins sliding towards ruin.

Let us summarise.

National sovereignty is inherent in the right to issue quantitatively determined securities or mandates that are entitled to goods, i.e., to issue money.

No other department or function of the state should be guarded more jealously than this, and in this more than in any other department of the state administration, high standards of morality are required.

State money, which rests on national wealth, must replace the gold manipulated by international usurers.

### *The necessary precautions*

When founding a dynasty or reorganising a state, the correct criterion is that, first of all, the desired results must be ensured, i.e. that the inhabitants are fed and housed, and secondly, that the mechanism used to distribute goods (monetary system or other) is regulated in such a way that it does not decay and cannot be stolen.

For example, J. Q. Adams, one of the founders of the United States, had some good socialist or state ideas for the conservation of national resources for educational or other purposes of higher interest. His proposals were *untimely*. President Jackson gave access to land; settlers could buy a good plot for free; a timely and useful provision. However, Jackson did not prevent these

land from being transferred by settlers to others when they no longer wanted to cultivate it themselves. As a result, the territory of the United States fell into the hands of large landowners.

The same danger exists for monetary systems as for land systems.

Create a fair and perfect monetary system, and in three days the scoundrels, the bastards with a mercantilist and monopolistic mentality, will invent some scam to defraud the people. The concession hunter will arise in one form or another as long as manure stinks and humanity is afflicted with mental abortions.

John Adams realised early on that the squires who tyrannised the countryside would be succeeded by the brokers who trafficked on the stock exchange.

In 1860, one of the Rothschilds—bless him—agreed that the banking system was contrary to national interests, and this was before Hitler's shadow had been cast over the fortunes of that family.

It is up to our generation to do what the early democrats failed to do. The corporative system, which grants collective powers to the people, organised into categories, offers them a means of protecting themselves forever from the power of plutocracy.

If you do not like the corporate system, look for another one that can deliver the desired results, but do not lose your bearings and do not forget the goal that all honest people want to achieve. Above all, do not lie to yourselves, and do not mistake a plough for a mortgage, or vice versa.

### *An economic system*

It is futile to talk about economics, or listen to those who talk about it, or read books on the subject, as long as the reader and writer do not know the meaning of the simplest, most necessary and most frequently used expressions.

When proposing an economic system, one must first ask what purpose it is to serve.

And the answer is that it must serve to ensure that everyone has (healthy) food, (decent) housing, and clothing (appropriate to the climate).

Another way of expressing the same concept is that dictated by Mussolini: 'Discipline economic forces and adapt them to the needs of the nation!'

### *Usury*

The left claims that private property is incompatible with what is the true purpose of the economic system.

Let us look at the definition of property that was given at the beginning of the capitalist era, during the French Revolution.

Property "is the right of every citizen to enjoy and dispose of the goods guaranteed to him by law. Like any other right, the right to property is limited by the obligation to respect the rights of others. It must not prejudice the security, freedom, existence and property rights of our fellow human beings. Any possession or trade that violates this maxim would be unlawful and immoral." Robespierre.

A glance at the cursed nineteenth century reveals the continuous violation of these maxims by the demo-liberal usurocracy. In essence, the doctrine of capitalism has proved to be a doctrine that teaches that unscrupulous thieves and antisocial groups should be allowed to undermine property rights, corroding and consuming them.

This tendency to 'undermine' has been identified and condemned since the time of Mosaic law; Moses called it *neshek*.

And nothing is more different from this tendency to undermine and corrode than the right to share the fruits of common cooperative labour.

*The fact is that usury has become the dominant force in the modern world.*

On the other hand, demoliberal imperialism is nothing more than a huge accumulation of monetary capital in certain countries where, as we have seen, it amounts to 4 or 5 billion pounds in securities. This explains the extraordinary development of a category, or rather a stratum of people, who live on income, that is, people who live by cutting the coupons of their securities, without participating at all in the activities of enterprises, whose profession is idleness. The export of capital, the indispensable economic basis of imperialism, only accentuates the detachment of this stratum of securities holders from productive activities and gives the state, which lives by exploiting the labour of overseas countries and colonies, the stamp of parasitism': V. I. Lenin, quoting Hobson in the volume *Imperialism, the Highest Stage of Capitalism*.

All right, Lenin said that. But similar passages could be quoted from the works of the Nazi Hitler (see the paragraph from *Mein Kampf* that Wyndham Lewis highlighted in his book *Hitler*).

"The struggle against international finance and against capital loans (*Das Leihkapital*) has become the most important point in the National Socialist programme: the struggle of the German people for its independence and freedom."

One could cite the same idea expressed by Mussolini, a fascist, and by G. H. Douglas, who calls himself a democrat and declares that his followers are the only true democrats; one could quote similar passages from the works of Mac Nair Wilson, a Christian monarchist, and half a dozen others who have no idea that they agree with Lenin's ideas.

The only people who do not seem to have read and digested his treatise are the members of the British Labour Party and the various groups of self-styled communists scattered throughout the West.

Certain facts are now accepted above party politics, certain perceptions have become the common heritage of all men of good will, and only the Jewish press and worse than Jewish press strive to obscure them. Among the 'worst of the Jewish press' are the paid professors who teach errors to the younger generations, those paid to lie, who continue to lie out of sloth or inertia or their own brutal indifference to the welfare of mankind.

And here, to avoid the discussion being sidetracked by considerations unrelated to the subject, I want to distinguish between prejudice against Jews as such and the desire I express that Jews should resolve once and for all the problem they face.

Do they intend to observe the Law of Moses on their own?

Do they intend to continue stealing from others, using the mechanism of usury, while wanting to be considered 'neighbours'?

This is an example of the double standards that the filthy British delegation wanted to impose, using the corrupt League of Nations for this purpose (a façade behind which an even worse instrument of corruption stood in Basel).

Usury is the gangrene of the world that can only be cut out of the body of nations by the scalpel of Fascism.

#### APPENDIX

1. 'Banking is proclaimed a state monopoly': signed Lenin, Krylenko, Podvalsky, Gorbunov.

This obviously implies full powers for the state.

2. 'Discipline the forces of the economy and adapt them to the needs of the nation': Mussolini. Task for Year XIII.

3. Once the problem of production has been solved, science, spurred on by the state, will have to solve the problem of distribution. See speech of 6 October XII.

4. Minister Rossoni refers to the policy of stockpiling and the possibilities it offers for establishing a new tax system.

5. Bankhead proposed '*stamp scrip*' to the US Senate, perhaps the only 100% honest monetary proposal made to that assembly since American civilisation was destroyed by the Civil War and its aftermath (1861-1865).

6. Daladier – however many mistakes he may have made – proposed '*stamp scrip*' to a meeting of the French Radical Party, perhaps the only 100% honest proposal to have been made in that miserable, worm-eaten country since Necker introduced his parasites and the Bank of France was nailed to the backs of the people.

It would be worth examining these statements to ascertain their truth or to refute them.

A great and slimy ignorance still persists. American interests hire low-grade journalists to cloud public opinion. Are we to suppose that both the writer and the one who buys his pen are unaware that wages are paid *in money*, that dividends are paid *in money*, that raw materials and finished products are purchased *with money*?

As for the lies that are rewarded, there are no limits: they range from *the Saturday Evening Post*, which stated, 'Krueger is more than a Titan of Finance', to the daily and hourly statements made by 'statesmen' and the British press.

#### *On the subject of England*

As far as I know, since the founding of the Bank of England, no monetary policy plan by the government that is 10% honest has been presented to the British Parliament, and none of the major British religious denominations has ever spoken out in favour of simple monetary honesty.

The British tax system is infamous. The fact that paintings by Raeburn or Constable are taken away from the castle to enter the warehouses of Jewish antique dealers, as a result of an unfair and black inheritance tax, has never put a bite more in the mouth of the farm labourer.

We owe the unnecessary destruction of so many beautiful things to the obscuring of our conscience about the nature of money. The castle, which should and could have offered a model of the art of living, has been dismantled and stripped bare without purpose.

If the sale of the library and the auctioning of the castle's paintings had increased, even by ten grams, the meat ration consumed by the labourer, perhaps these taxes could be justified. But there is no justification for the taxes currently imposed on England.

#### *A word for Arkansas*

'In the State of Mississippi, the average cotton planter produces four bales of cotton per year, which are currently worth, at market price, £42.50 per bale. That means £170 for a year's work. The cotton planter's daughter, who earns an average of £12 a week in the nearby factory, earns £624 a year for her work, or three times the farmer's income.'

So writes the Commonwealth College Fortnightly of Mena, Arkansas, on 1 March 1938.

'So,' it is pointed out to me, 'money is not everything, and it is not exclusively a monetary problem.

One could have a fair and stable monetary circulation, measured in terms of eggs, labour, or a logarithmic price index, and that planter would still receive £42.50 for a bale of cotton, and could not obtain a higher unit yield.

I wonder if this statement will satisfy my Bolshevick friends in Arkansas and the people who have got it into their heads that I am concerned *exclusively* with the monetary problem!

Original title: *What is Money for?*, Great Britain Publication, London 1939; Italian translation by O. Rossetti Agresti, Edizioni San Giorgio, Naples 1980. The text was also published in *Il Meridiano di Roma*, no. 30, 1941.

*Ezra Pound*  
*from: The ABC of*  
*Economics*

*Bollati Boringhieri, Turin 1994, pp. 29–77*

The purpose of this booklet is to explain the fundamentals of economics in such a simple and clear way that even followers of different economic schools and trends can understand each other when discussing them.

After about forty pages, I will not 'descend' into repetitions and reformulations, but I will certainly 'immerse' myself in the hope of achieving such clarity and simplicity.

*Part One*

*Chapter I*

I will not rest until I have dealt with this subject, and there is no other way to avoid accusations of unsystematicity, inconsistency, amateurism, vain eclecticism, etc. than to write a short formal treatise.

*I. Distinctions, or preliminary clearing of the ground.* I ask the reader not to look for hidden meanings. When I assert a belief, I will say so. When I try to prove something, I will say so. At the outset, I simply want the reader to grasp the difference between certain things for the sake of mental clarity, before attempting to resolve anything.

I will use the term *property* as distinct from the term *capital*.

In this treatise, 'capital' implies a kind of claim on others, almost a right to make them work. Not so with property.

For example, my bust sculpted by Gaudier is my property.

No one could do anything with it.

My bond in the X and Y railways is capital. Someone should earn at least £60 a year and pay it to me because I own that bond.

Therefore, it would be possible to attack the 'rights' or 'privileges' of capital without attacking the rights or privileges of property.

Once again, please do not look for hidden meanings.

Please do not think that I mean anything more than what I have written. When I want to mean something more, I will say so.

*Distinction 2* - Overproduction did not begin with the industrial system. Nature habitually overproduces. Chestnuts are wasted on the mountainside, yet this has never caused a global crisis.

## Chapter 2

1. Sensible engineers and wise men tell us that the problem of production is solved. The world's production equipment can produce everything the world needs.

There is not the slightest reason to doubt this.

2. With increasing mechanical efficiency, this production will progressively require less and less human time and effort.

3. A healthy economy requires, for various reasons, that this effort be spread over a very large number of people.

This is not absolutely necessary, but it is advisable. It is not necessary because a few million slaves or naturally active human beings could undoubtedly do all the work for all of us. This happened in the Roman Empire, and no one protested except a few slaves.

4. Objections to slavery are partly idealistic and sentimental. Nevertheless, openly admitted slavery has gone out of fashion.

5. It is pure dogma to assert that an adult human being should be prepared to do a reasonable amount of work to support himself. And it is an opinion based on experience that a man who always tries to live as a parasite and refuses to do anything useful for the general welfare or the preservation of civilisation is just a despicable being and ultimately becomes a damn nuisance not only to others but also to himself.

6. I am stating a simple postulate: man should have some sense of responsibility towards mankind.

7. As a matter of fact, very few people have such a sense of responsibility.

8. No social order can survive for very long unless some, at least some, possess this quality.

Democracy implies that man must take responsibility for choosing his rulers and representatives, and for safeguarding his 'rights' from possible and probable abuses by the government he has legitimised to act on his behalf in public affairs.

9. These abuses, insofar as they were political, insofar as they were special privileges handed down from medieval chaos and feudal systems, have been more or less remedied over time. Jefferson and John Adams observed that in their youth very few people had given any thought to 'government'.

There were very few writers on 'government'. The study of economics is a recent development. In the nineteenth century, a trunk was enough to hold a library of economic texts.

10. Some economic problems could perhaps be analysed by political analogy, but most could not.

Probably the only economic problem that requires an emergency solution today is that of distribution. There are enough goods, there is an excess capacity to produce goods in abundance. Why should anyone starve?

That is the stark rhetorical question. It is the problem of our times, just as Hamlet's melancholy was the problem of the Renaissance dyspeptic.

And the answer is that no one should die of hunger. 'Science', or the study of economics, should guarantee precisely that.

*There is enough* - How do we transfer what is there, or what could be there, to where there is none and it is needed?

I will spare the reader the old story of bartering, etc. Apples in exchange for rabbits; paper notes from the owner ordering his servants to give the bearer two barrels of beer; general titles of gold, leather; paper with a 'value' written on it, for example 16 ounces of copper; metal by weight; cheques with fantastic figures on them, all serve or have served to transfer wealth, grain and meat from one place to another, or to transport woollen cloth from Flanders to Italy.

*Who should own these securities?* Obviously, certain men have merits towards humanity or a limited number of other men.

Wheat farmers, weavers and saddlers, those who transport these goods from where there is abundance to where there is need, by handcart and aeroplane, etc.

AND ALSO THOSE who know where things are, or who discover new and easier ways to 'extract' them, coal from the ground, energy from an explosion of petrol.

Producers, transporters, intermediaries and all those who contribute to their pleasure or comfort or whom they want to favour... the usual entourage of children, if they have or want to have children, elderly parents who have won their affection.

So far, everything would seem perfectly simple and idyllic, but this is where the trouble begins.

Some of these people who work or who could and would like to work are left without paper qualifications.

Someone else has taken all the qualifications; or someone else has done all the 'necessary' work.

It is quite curious that, despite all the complaints of those who used to complain about being oppressed and overworked, the last thing human beings seem to want to share is work.

The last thing exploiters are willing to let their employees share is work.

IT IS HOWEVER INDENIABLE that if no one were allowed to work (in this year 1933) for more than five (5) hours a day, there would be almost no unemployed and no family without sufficient paper titles to enable them to eat.

The objections to this solution are extremely mysterious. I have never found a valid one, although I have often encountered very complicated 'explanations' of increased costs.

I would be prepared to state as a simple dogma that reducing the working day (paid working day) is the first step to take. I recognise that it is not the answer to all problems, but it would be a good start to ensure that credit is distributed among a large part of the population (of any country) and thus ensure that goods, both essential and luxury, continue to be distributed and circulate.

It is not the answer to all problems; it is not the answer in the current emergency situation, nor is economic science limited to this alone.

### *Chapter 3*

When goods are produced, this must be recognised in some way, for example through certificates of the existence of goods.

Can we say that perfect money consists of authentic certificates of existing goods?

Or should we qualify that statement? Is perfect money an effective order: Deliver these goods?

Or is it a conditional? A compromise between a certificate of existence and a request or a promise of proportional concession?

Or is it abracadabra? A fake with no strict correspondence to existing goods?

*Excursus* - A stubborn Scotsman has been telling us for years that money (credit) as we know it is a more or less irrelevant product; that it acts as a very strong imperative: You must have a given quantity of grain in a given place and deliver it!

But an increasing proportion of goods produced never obtain the corresponding certificate. Some wretches or delinquents behave meanly, out of stupidity, fear, cowardice and servile malice.

We artists have known about this for a long time and laugh about it. We have accepted it as punishment for being artists, expecting nothing else; but now it is the turn of the craftsman, and there are many craftsmen, employees, etc.; this devilry has thrown the world into misery. Artists had opportunities to avoid difficulties; a few thousand artists

could make a living by their wits or make a good haul from time to time, but the difficulties are unforgiving to millions of people.

Therefore, there must be a criterion of fairness in the issuance of certificates, or in any case, something must be 'done' to avoid etc.

#### Chapter 4

CALL IT A DOLLAR, or a pound, or ten shillings, or whatever you like. If a pound is a certificate of work done (goods produced), and if you produce twice as much as you did yesterday, either you must have more pounds, OR you must all agree that the pound that was worth one bushel is now worth two bushels.

To put it another way, if money is scarce and an ox sells for four *pence*, it may be economically fair that the ox is worth four *pence*. But it cannot be socially fair that the ox is worth four *pence* and the steak ten shillings.

If the ox is worth four *pence*, the steak must be worth much less than a *penny*.

At an agreed rate, the certificate must function. From 1914 to 1924, if I remember correctly, the chocolate bar remained stable against gold. Meanwhile, nations rose and fell, currencies and commodities became more expensive or cheaper. We have been privileged observers for fifteen or more years. No one remembers the 1830s anymore, and everything that men learned then in America has been forgotten. The Civil War wiped it all out.

#### Chapter 5

*Inflation and deflation* - I am in favour of controlled inflation if by that you mean that more certificates should be issued when more goods are produced.

All inflationary manoeuvres and all official government plans proposed so far for inflation leave out the question of control. That is to say, the place of control is a dark room at the back of a bank, lined with thick purple curtains. No one must see what happens there. What happened in the Bank of the United States before Van Buren established an independent Treasury? What happened?

Inflation for the benefit of the few.

## Chapter 6

Every economist has to start somewhere. I start with the assertion that anyone who is honest enough to want to work for their own livelihood and that of those who depend on them (children or elderly parents) should have the opportunity to do a reasonable amount of work. This is extremely American and anti-British.

THE FIRST STEP is to keep the working day short enough to prevent a single person from doing the paid work of two or three people.

THE SECOND STEP is to provide honest certificates of work done (goods produced or transported, inventions, improvements, etc.).

No one should be allowed to write cheques with lots of zeros without taking into account the services rendered.

Yes, yes, I have a cheque book, but if I do anything extravagant, the bank won't pay my cheque.

Yet, alas, brother, there are those who write cheques for millions, and for mysterious reasons. Who controls the bank, brother?

In one country the wind blows from the east, in another from the west. In England, a private company did it so discreetly that the world forgot about it. Everything our grandparents did to liberate the American treasury before our fathers were even conceived has been forgotten, and we are so ignorant of economics (a dry, monotonous and tedious subject) that there are not ten thousand Americans aware of the fact that such a movement, such a step towards freedom or democracy or individual responsibility and state control of national finance, has never been taken in England. The British clique was so clever, astute and prudent that 'the question was never raised'. The American man in the street knows that England has a 'strange old institution called a monarchy' [funny old poker card], but he believes that the two nations have the same tax system (if he ever thinks about it at all).

## Chapter 7

Perhaps it is not a question of names. An independent private company can administer a nation's credit just as fairly and with just as little corruption as a board formally composed of government officials, bought or 'influenced' by pressure groups and various clientele.

*The economist is the person who knows* what such a council, official or not, SHOULD do for the continued welfare of the nation. In other words, where and how it should assign certificates of work done, or orders for other work and the delivery of this or that product.

Part Two

Chapter I

*On volition* - It will be objected that I am trying to base a system on will rather than intellect. This is precisely one of the main reasons that prompted me to write this treatise.

Criminal classes have no intellectual interests. To the extent that people have no intellectual interests, they approach criminal classes, and they approach criminal psychology.

No economic system is worth a fig if there is no 'good will'. No abstract economic system will work if people are not prepared to act wisely.

People who are indifferent to the definition of freedom as *le droit de faire tout ce qui ne nuit pas aux autres* will do nothing to improve their economic knowledge, whatever that may be.

People who lack a sense of responsibility fall under despotism and deserve all the possible punishments and calamities offered by the worst forms of despotism.

No economic system can be efficient until there is a reasonable number of people *interested* in the economy; interested, I would say, in the economy as part of the problem: what harms others and what does not? The fact that the answer to this question probably coincides with the answer to the question: what is the best form of selfishness? does not change the substance of the problem.

No egoist possesses the energy necessary to achieve maximum egoistic enlightenment.

Marx aroused much less interest than the importance of his thinking might have suggested. He knew the limits of his economics, but he omitted or at least failed to clarify what they were. That is to say, Marxian economics deals with goods to be sold, goods in the shop. The moment I cook my own lunch or build a seat by nailing four planks together, I step outside the entire cycle of Marxian economics.

'You'll never move them with something as cold as economics,' said Mr Griffiths, the founder of Sinn Féin.

You will not be able to arouse interest in economics in anyone until they realise that they are suffering the effects of a perverse system. I know of no subject in which it is more difficult to arouse any interest. The cost of the things that really interest human beings has nothing to do with their quality. A beautiful woman does not cost more than an ugly one; in fact, she probably costs much less.

It does not cost more to cook a good lunch than to cook a bad one. I admit that you will probably pay more for a good lunch, but what you get will depend on your knowledge and not on the category of the restaurant.

The *arts* of commerce are based on personal applications of the laws of value (Marxist metaphysics and the 'psychology' of advertising in the American business world).

You will not be able to progress in economic '*science*' until you are ready to define the scope of that science, just as in the study of chemistry, physics, and mathematics.

The goods in the shop window are worth more than those in the cellar.

The art of commerce whereby the owner of a café builds up a clientele and his neighbour does not.

The convenience of the poor, the luxury of the poor that for centuries has rewarded the small shop and the merchant. Saving energy: I buy coffee in the shop near my home and not in the large one further away. The same goes for my tailor (?), cobbler and butter seller.

More than a decade ago, Major Douglas acknowledged that I had contributed to the discussion when I pointed out that my grandfather had built a railway not so much out of a desire to make money or the illusion that he could do better than others in that way, but rather out of an inner drive, an artist's desire to DO something, the pleasure of building and the game of being more skilful and overcoming obstacles.

Very well, I am not proceeding according to Aristotelian logic, but according to the method of ideograms, which consists first of all in bringing together the necessary elements of thought.

None of these 'inconsistent' or contradictory facts can be overlooked. A problem of resolving forces can only be solved when all forces have been taken into account. If there are any whose variables cannot be reduced to an equation, they must remain, at least temporarily, outside our '*science*'.

If I remember correctly, *Part One* dealt mainly with science.

The science of economics will not get very far unless it guarantees the presence of will among its components; that is, the will for order, the will for 'justice' or fairness, the desire for civilisation, including the exchange of courtesies. The strength of this will is certainly part of any solution.

### Chapter 3

*Objections* (see *Part One, Chapter 3*) - The certificate of work done must be equivalent to that work.

BUT

when it turns out that too much wheat has been grown, the certificates relating to its cultivation, or the delivery orders, will be worth less. That is to say, the title relating to a particular substance is devalued in relation to the general title (currency). The finance of financiers consists largely in skilfully playing general titles against specific titles. Thus, for example, the collapse of prices on the wheat market. All this would seem to be peaceful and well known.

When the certificate is not 'currency' or a *medium of exchange*, but a specific certificate, it is 'fair' in the sense that the order to deliver so many bushels already 'paid for' implies so many bushels.

A certificate intended as a 'medium of exchange' will not automatically stabilise monetary circulation or produce justice, unless common sense is used in the production of goods (food, etc.). Hence the calls for planning, etc. I mean that all the objections, etc., to my main thesis bring us back to familiar phenomena.

Either the individual must use his own intelligence, or some group of individuals (the state or other) must convince or predict or advise or control.

Nature overproduces. Overproduction does no harm unless you sell below cost (*dump*).

In politics, the problem of our times is to establish the boundary between public and private affairs.

In economics: finding a system that allows the means of exchange to remain in circulation so that the demand of the individual, or at least what he needs, does not exceed the amount of the means of exchange in his possession at any given moment, or immediately accessible to him.

A new school of economists says that it *should be placed* in their possession (every week? every day? every six months?).

A more traditional way of thinking asks whether this would preserve the individual's sense of responsibility, and gives a decidedly negative answer.

I return to a profession of faith. The simplest *starting point* seems to me to be the willingness of the individual to work four hours a day between the ages of 20 and 40.

There are undoubtedly various managerial tasks, etc., in modern industry that require more prolonged attention, but very few in which an equivalent limit would not be useful. It could be eight hours a day for ten years.

Considering money as a certificate of work done, the simplest way to continue distributing it (in legal tender credit notes) is to continue distributing work. I am not saying that this is the only conceivable method, but I am saying without a shadow of a doubt that it is the most available, the simplest, the one that requires the least bureaucracy, control and interference.

As for overtime, let it mean overtime.

Let man work four hours for his pay, and then, if he still feels like working, let him work as an artist or a poet, let him beautify his home or tend his garden, let him exercise to stretch his legs or bend his back over a billiard table or sit and smoke. In doing so, he would enjoy life much more and, assuming he has some glimmer of intelligence, he would be much more likely to use and develop it; in any case, he would 'get much more for his money'.

I know from experience that one can live infinitely better with very little money and a lot of free time than with more money and less time. Time is not money, but it is almost everything else.

Let us also assume that the wage for a four-hour day should be reduced to half the wage for an eight-hour day (which for various reasons is not necessary: see *below*, chapter 4, but let us assume that this is the case). Once the person earning that wage is sure they can count on it, once they have 'organised their life' on this basis and organised the other four hours for private activities, they could have a much better life than they have now.

#### Chapter 4

I said 'which for various reasons is not necessary' because 'wage' is now measured in currency, which is pure convention, and a piece of paper with 10 written on it is no more difficult to provide than a piece of paper with 5 or 20 written on it.

There are various credit systems that could solve the problem of leaving the number 10 on the piece of paper, even if the working day were reduced by half.

Douglas would give the notes to the merchant. I have sketched out a system for supplying them *via* the factory. Neither is necessary. A few months ago, the German government proposed seemingly uncontrolled inflation.

The 'need' for such a system is probably due more to the strength of the way of thinking, to the banality of the ideas that the masses have about money, than to anything else.

Freedom from worry, inherent in the reasonable certainty of keeping one's job, must be worth at least 25 per cent of EVERY income.

It should be noted that such reasonable certainty can only exist when the need for a progressive reduction in the working day, *in line* with mechanical innovation, is generally recognised.

No number of hours arbitrarily set for 1933 will be valid in 1987, let alone 2043.

And so we come to Major Douglas's equations regarding biases in cost assessment.

*Part Three*

*Chapter 1*

*Cost assessment* - I really don't see how we can do without (forever) the Major's equations.

There are various ways of saying it, various terminologies and various approaches to the problem.

I started with the distribution of work. Douglas' followers do not like to start that way. Then I addressed the demand for fairness in the distribution of credit tickets, but this does not refute the Major's thesis that *in the current system* there are never enough credit tickets to deal with the product; to distribute or buy the product; to conjugate ANY of the verbs required for a healthy economy or a decent and pleasant life.

The Major highlighted the biases inherent in cost calculation. The reader can look up the details in many contemporary works.

They will find no simpler statement than this one by Douglas: Every time you buy a piece of fruit, you pay for the tree.

Of course, the tree must be cared for, and a few fractions of the value of the fruit must be added, but the calculation of this fraction cannot and must not involve major errors.

A large error could undoubtedly compromise the positive effects of a short working day. Just as a patient can easily die from one illness after being treated for another.

*The requirements we have listed so far are:*

- 1) 'Money' as a certificate of work done.
- 2) The 'work done' must be, in a sense, 'within a system', i.e. it must be 'necessary' or, in any case, it must be work that someone WANTS done. The product must be something that someone needs. *For example:* I need about half a loaf of bread a day. I need a few clothes a year, etc.
- 3) There must be a way for everyone to have enough money or means of exchange to reasonably satisfy their needs.

The simplest way is through work, and I doubt there are any others. This is also the first instinctive cry. It can be observed empirically that the first thing men ask for is work; only after being refused do they demand free food. If this statement indicates a great naive faith in humanity, I am prepared to face the accusation.

- 4) Fairness in the issuance of certificates. (I believe that the various plans developed by Douglas fall mainly under this heading).

## Chapter 2

*Time is not money* - Time is not money, but it is almost everything else. That is to say... it is not money, food, raw materials, women or the various basic necessities that I cannot list now, probably including health, but it is a very important tool for accessing most of them.

'Only socialists' read Marx, and so it is practically impossible to discuss his history or his 'mistakes'.

As far as I can remember, I have never met anyone who admits the simple fact that a man with a lot of free time and very little money can get much more out of life than a man who is overworked and has a lot of money. Apart from optimists, I mean.

Leisure is not achieved simply by not working. Leisure is free time *freed from anxiety*.

Any free time that is not absolutely obsessed with worries can become the tool for a 'better life'.

Marx deals with goods in shop windows or in basements. When I cook my own lunch or build the chair I sit on, I escape the whole cycle of Marxian economics. That is why I remain a Jeffersonian republican and believe that current problems, or at least current American or British problems, can be addressed from a Jeffersonian point of view.

You can add Confucius and Van Buren, but you have to distinguish between 1820 and 1930; you have to update Jefferson. T. J. had already predicted that agriculture would largely give way to manufacturing, etc.

All American and Republican principles were lost during the odious reign of the infamous Woodrow, but even Woodrow did not favour the 18th Amendment. Apart from the *Liberty Unions*, etc., it is almost impossible to find any sense of American principles in contemporary American writings, except for a few newspaper editorials that are naturally not read by pseudo-intellectuals.

A trade union delegate, whose name I have forgotten, strongly supported the reduction of the working day. No one raised any coherent or even presentable objection.

No one dared to say that a shorter working day would not reduce the number of people who are completely unemployed.

No one claimed that it would lead to an increase in offices and bureaucrats, with cheeky typists taking notes while sitting on the laps of stupid, obese officials in government offices.

Of course, there is no desperate demand for a reduction in working hours from the workers themselves. The Labour Party in America does not have many economists. It is impossible to arouse enthusiasm by simply proposing a reduction in working hours. For most people, this sounds like a reduction in pay.

It would probably suffice to extend credit (paper credit) to leave nominal wages as they are, but to understand this requires an almost transcendental understanding of credit.

The man in the street cannot possibly understand that the accelerated circulation of money when everyone has little of it means greater prosperity than the stagnant state of affairs when many have none.

The passionate Labour supporter would like the rich to pay for the unemployed, but the pockets of the rich are not a bottomless pit from which to draw at will.

Of course, everyone wants to shift responsibility onto others. The immediate effect of the distribution of work in the current system will be that workers will have to share with other workers. Therefore, this cannot be a very popular cause.

The advantages of a shorter working day would be widespread, everyone would receive them within a few months, but it would probably take longer to feel them. The disadvantages are felt more quickly than the benefits.

Try telling anyone that you can live better on 40 shillings a week and two extra hours of free time per day than on 50 shillings without the two hours, and you will see how little attention you get.

The idea that prices would fall may seem like a dream. Prices have always adjusted to the current purchasing power of the public, but this too is a general idea.

Two extra hours a day to laze around, think, keep fit by exercising other muscles, compared to overwork and the spectacle of millions of people forced into inactivity...!

I am an expert. For most of my life, and certainly for my entire adult life, I have lived among the unemployed. All the arts were unemployed in my day.

### Chapter 3

*Free trade* - Free trade would be possible between two countries if they were mutually animated by full and enlightened goodwill, provided that they had previously resolved their internal problems almost completely.

Needless to say, over the last century or so, the practice of governments has been to neglect the domestic economy; committing every conceivable wickedness, devilry and idiocy, and using foreign relations, conquests, *dumping and* exploitation as means of distracting attention from domestic conditions, or using the spoils wrested from savages as a palliative for domestic ills or to produce a fiction of 'prosperity'. In the sense that such prosperity can serve as 'bait'; as spectacular successes; as 'the possibility' of becoming rich.

#### Chapter 4

*Malthus* - In practice, it has been shown that couples who do not overproduce, i.e. who do not procreate more children than they can support, are able to maintain decent standards of living, unlike others.

It is probably useless to put forward theories of perfect government or perfect economics for human beings who are too stupid and ignorant to acquire even a rudimentary understanding of the relationship between cause and effect.

Objections are raised and can be raised against this system in view of national greatness, etc.... However, it is said that the Netherlands has maintained decent standards of living, etc., by avoiding overpopulation. It is not clear why this system should work in a small country and not in a large one.

It would work. The only objection is that limiting the procreative instinct may not be necessary. In other words, bigotry and stupidity currently prevent such limitation, and insufficient progress in education is unable to achieve it. Yet sparsely populated areas are not always the richest. The remedy should only be recommended in the short term for individual families living in a poor economic system. It cannot be made the backbone of an enlightened economy on a large scale. In fact, such an economy is now little more than a study of how we can USE our resources, not how we can refrain from using them.

Until we have a decent economy, people of common sense will avoid having too many children. And the pity we feel for large families living in poverty will continue to be pity for a foolish lack of foresight.

It may be that all sciences, or most of them, have their origin in suffering or pity, but once a science has taken hold, there is no longer any place for these feelings in it.

Give a people a near-perfect government, and in two generations they will let it go to ruin through sheer laziness (*see* the USA, where not even one in ten people exercise their rights and not even one in ten thousand have the slightest idea what the aims and ambitions of the country's great founders and legislators were. They are in deep shit).

Nevertheless, the duty remains to try to devise a healthy economy and to try to impose it by the most violent method possible: to make people think.

This last statement is very difficult to prove. I think the only guarantee is the ability to think and the sense of duty that comes with it.

## Chapter 5

*Self-Help* - The foregoing is not pure nihilism or quietism, nor is it as off-topic as it might seem; the point is that NO ONE in any society has the right to blame others for their own difficulties. So-called liberals and liberal thinking have fallen into sentimentality because of this unconscious assumption and a tendency to feed this state of mind.

The law of nature dictates that animals must adapt to their environment or conquer it: an easy life and decadence.

People often lament the decline of the American man! First the pioneer, then the fool and the moron! Proliferation of the peasant type, without the perseverance and patience of the peasant in the face of poor yields!

The ability to think, part of adapting to the environment!

The laziness of entire generations! All the power of Jefferson and Van Buren's thinking forgotten! The benefits of the latter lost in the Civil War and the financial events of the post-war period!

All this is not entirely off topic.

Everything concerning *how* measures can be taken and implemented is a matter of politics.

ECONOMICS is concerned with determining WHAT financial measures, what methods or regulations of trade, etc., should be taken, or can usefully be taken or decreed by any government or any individual or collective body, elective or exceptional, private or dictatorial, which controls trade, credit, money, etc.

Certain things are wise, let us say, for the governors of the Bank of England (a private institution) and likewise for the US Federal Board, appointed by an elected president, and would be equally wise or equally foolish for a body directly elected by the people.

England, as we have said, allowed itself to be conquered by a band of bankers a long time ago. No one remembers why. This is not a matter for a foreigner. The English, or at least some English people, wanted it, and now, it seems, the rest does not matter.

All this is part of politics. Economics deals with what should be done, not with how a group of people should be formed to implement an idea, but with the idea itself, with the relevant equations. Thus, it can be said that Baldwin Locomotive Works deals with the construction of train locomotives, not with their direction of travel.

A good economic theory is valid for both Russia and the USA.

*There may even be more than one economic solution to any problem.* Both petrol and coal serve as fuel.

Part Four

Chapter I

*Politics, a necessary digression* - Science or non-science, an economic system or the lack of an economic system, is necessarily influenced by the political system in which, or alongside which, it exists; and more especially by the assumptions or prejudices or predispositions and attitudes implicit in the political system.

The assumption of democracy, let us say in its best form, as conceived by Jefferson and Van Buren, is that the best men (*kaloì kagathoí* etc.) WILL TAKE THE TROUBLE to present their ideas and political programmes to the majority in such a clear and persuasive manner that the majority will accept their leadership, that is, 'will be right'.

The assumption of the Adams, that is, of the aristocratic and democratic parties at the same time, is that a small dose of privilege will generate a sense of responsibility.

For subsequent conservatism, the best must be served.

In practice, it is argued that the best get tired or do not apply themselves enough.

It seems well established that privilege does NOT generate a sense of responsibility. Individual members of the privileged classes, even exceptional ones, retain a sense of responsibility, but the masses, i.e.

95 per cent of the privileged classes, seem to believe that the main benefit of privilege is to be exempt from responsibility, from any kind of responsibility.

This applies to both financial and political privilege.

The exception seems to occur at the birth of each new privileged class; which means that each new ruling class is necessarily composed of exceptional men, or at least men who are more energetic and therefore more suited to ruling than their peers.

The rejects of the intelligentsia, inept at governing, constantly seek to spread the belief that THEY are the best, the *agathoí*, etc.

Obviously, no ruling class, however excellent or good it may be, can be without backbone; this also applies to an administrative class, or to those who administer the economy. In any case, the term 'good' includes an ability to act, a certain sense of the relationship between action and mere thinking or talking.

Much nonsense is said and written on the assumption that political and economic laws exist *in a vacuum*.

I continue to write because it seems to me that no man with his head on his shoulders can today avoid trying to organise his ideas in a coherent manner or avoid drawing the necessary conclusions, that is, as a man who necessarily lives among other men, influenced by their actions while influencing them with his own.

Separating ideas that are not identical and determining their relationships.

As for the history of the subject, it can only interest us insofar as it relates to the present and the immediate future.

A democracy, the majority that 'decides' in a democracy that functions as such, would probably choose a good economy shortly after learning to distinguish good from evil. The subjects of an autocrat would obey and continue to obey the economic decisions of their ruler or rulers as long as the orders were economically good and for a long time after they turned out to be bad. In intermediate forms of government, patience would last for a shorter or longer period.

A crisis, a revolution, chaos do not necessarily imply new discoveries or ambitions or new forms of good economics; however, it is usually engineered in the name of some form of justice, or some social belief with economic implications.

The point is that the orders of an omniscient despot and an intelligent democracy would be very similar insofar as they affect the bulk of the economy, of the country. The important thing is to feed the population, whether it consists of free citizens, individuals, etc., or beasts of burden.

For each individual country, there is much to be said for the quickest route to achieving this goal, and that route would start FROM the conditions in which that country finds itself at the moment.

The present moment, the moment under consideration.

## *Chapter 2*

Capital is generally considered durable, eternal and indestructible. This is probably a mistake. Gold coins in circulation wear out, hence the use of paper money. Paper needs to be replaced. The expense is negligible but mathematically real.

Jewellery may seem like property rather than capital. It or precious metals can be hidden in basements, where they act as magnets.

Consider the magnetic force of a man considered rich. The force of his fame on the people around him.

Observe the power of the most random and vague hopes of profit, and think of the imponderables that come into play whenever credit is considered ('the expectation that the other will pay').

Another point is that not only particular amounts of credit can go bad, but that the credit of ANY economic system, as a system, can go bad. It is not just a year's harvest that can fail, but the tree itself.

There have been so-called systems based not on sound theories or calculations, but on nothing more than a contingent fact; such as the possibility of bartering pearls for glass beads with savages, or the monopoly of a commercial

trade, or the willingness of the Indians to barter forty square miles of land for a rifle.

Some of these systems lasted for at least three hundred years. Tolls on the Nile date back to the dawn of history. Kublai Khan understood paper money. The Mantovans in the fifteenth century conceived of a textile pool similar to the Hoover administration's grain pool. There are probably no plans or measures imaginable that cannot be ennobled with historical precedents.

### Chapter 3

*In 1933, where do we stand?* - 1. For civilised countries, the problem of production is solved. Undoubtedly, there are certain products that cannot be obtained in certain geographical areas and certain uncivilised areas where industrialisation and better production methods would solve local problems, but for the 'great powers' etc., the problem is not production.

2. The reduction of the working day (say to five or four hours) would facilitate general distribution in all civilised countries to such an extent that they could go on for a long time without further changes.

3. But in the long run, this would not allow them to avoid the problem of fair and/or adequate distribution of credit notes: the problem of money or the fiduciary system.

This is the most important and dramatic problem in economic science. It still awaits a definitive solution, a scientific solution.

4. But even a definitive, scientific solution would not eliminate the need for us to practise the ART of economics; that is to say, we would still have to remain constantly vigilant, with the same caution with which a farmer selects his next crop. There is no way to do without the faculty of discernment. The authors of five-year and ten-year plans, experts, etc., will always have to predict and try to predict exactly what should be produced, how much and when.

Distribute the paper tickets certifying the work done equally, ensure that the work is divided among a sufficient part of the population, and you will still have to be careful not to find yourself in October with nothing but wheat or aluminium pans.

To this end, there is probably no other way than the utmost vigilance of the greatest number of the most competent.

A signalman who falls asleep on duty can cause serious damage to a good railway.

In a world of Kreuger and Mellon, it can be said that the control rooms are (deliberately) shrouded in darkness. What I am getting at is that,

Once all solvable problems have been resolved, with clarity and transparency, there will still be opportunities, there will still be a need to sharpen our wits.

#### Chapter 4

*Inflation (The distinction between science and art in economics)* - It was said that inflation had been 'understood' in Germany after the war. Now the alarm over inflation is almost universal (Germany, the US and elsewhere).

There are few calls for inflation *control*.

Perhaps inflation is nothing more than an ambiguous cover for many manoeuvres.

Let us try to see clearly. For many, it means only the end of the gold standard, i.e. the fact that certificates no longer refer to the precious metal.

Banks (the evil spirits) cause inflation and deflation at will, or so it seems.

We are told that interest rates are too high, and those who say so are told that bank rates over a 24-hour period are almost zero. So that is not the problem. Banks probably use their freedom to cause inflation and deflation for their own unlimited benefit.

*There are TWO types of nations: those that control their finances and those that are 'financed'.*

There are also, I suppose, intermediate situations, nations that more or less try to control part of their finances, or that exercise semi-conscious control over their finances, or that have an unconscious influence over them.

The US Treasury was 'liberated' about a century ago. It was somewhat disrupted by the Civil War, etc.

Once again, we are not interested in HOW a people or a nation should take control of its economy, but WHAT it should do if it did take such control.

In other words, what price should it demand from those who currently exercise control, if it continues to tolerate it, i.e. what is the minimum (or maximum) intelligence and intelligent measures it would require from its 'owners' or financiers.

We have answered this question, at least in part, with the formula:

ADEQUATE (and more or less fair) distribution of credit notes (certificates of work done, etc.).

I have written 'APPROPRIATE' in small capitals and 'fair' in lower case, because this is the order of their importance.

In a valid and functioning economic system, there is a huge margin for error, a huge coefficient of injustice. Think of the miller of Dee and the rest. Once a human being's relative peace of mind is guaranteed, so that he has no reason to suffer and is

more or less free from IMMEDIATE worries, he will not care (indeed, he will refuse to care to an almost unbelievable extent) about the economy.

But an *inadequate* distribution of credit notes will disrupt the entire system, any system; it will accumulate obstacles before anyone realises it, accumulating them everywhere and without making anyone in particular responsible, and without offering any possible solutions.

## Chapter 5

*'Adequate' with questions about solutions* - The Mohammedans talked constantly about a distribution system.

I don't remember if every believer received an equal share. It doesn't really matter, it was a long time ago, but in any case they had national dividends, at least as long as they continued to make conquests.

It is difficult to conceive of national dividends in our day and age and in our countries without an unpleasant increase in bureaucracy.

In the past, national dividends have worked. Certainly, most people would be happy to receive ten guineas a month in freshly printed banknotes from the postman or some other public official.

It seems so easy, so easy that almost no one (including the author) can believe it.

It seems that the beneficiaries should at least do something or be prepared to do something useful in return for the windfall, or at least be careful and make sure that something is done, that the banknotes mean and continue to mean something other than banknotes.

I seem to remember a time when Major Douglas wrote books in which there was no mention of national dividends.

Now I am merely cataloguing or listing possible 'solutions'. I would leave it to the advocates of national dividends to show HOW they will ensure the constant delivery of necessary goods in exchange for the banknotes distributed. I am not saying it is impossible: I am simply waiting for further clarification.

If I remember correctly, in his early writings Douglas argued that, in the current system, a certain percentage of credit notes, or the corresponding amount, was sucked up or absorbed or made to disappear.

I am deliberately 'turning the question on its head' to see if the idea is solid enough to withstand debate.

In the 'current industrial system', work is done, goods are produced, and industrialists, owners, traders, etc., demand more credit notes from the public than the work is worth, or at least more credit notes than governments and banks will make available in exchange for that work.

And the effect is cumulative. There are more and more goods and fewer and fewer valid certificates, which leads to constipation.

And again, if I remember correctly, Major Douglas explained how the trick worked. In his opinion, if I am quoting him correctly, a certain percentage of the credit notes received by entrepreneurs was swallowed up, that is, instead of offsetting the cost of the item made and given in exchange, it offset that cost plus part of the machinery used to produce the item (part of the plant).

And nothing was done to prevent this amount of credit from being taken away from the public and hidden. It continued to disappear underground, into someone's pockets.

The result: more and more goods for sale and fewer and fewer certificates of work done.

So, to rebalance things, either more certificates would have to be printed or costs would have to be calculated in another way, i.e. distinguishing real costs from costs as they appear in traditional accounting.

According to traditional accounting, the Major's proposals would have meant something impossible: below-cost sales. But he calculated that they would not have been lower than the real costs, and that the paradox was only on paper.

All this requires a minimum of reflection.

We have clearly seen companies build new factories using 'profits'. We have clearly seen crises.

## Chapter 6

The above is perhaps very problematic. In one place, I state that the producer should obtain a certificate for the work done - a certificate equivalent to the work done.

Then (to some readers) I seem to be saying that he takes too much, when it would seem that I should be saying that he takes too little.

There is no contradiction. He takes too much, or asks too much for some of his products, and fails to take anything for the rest.

For example, he manufactures a million brooms whose actual cost is 3 *pence each*.

He claims (according to the traditional beliefs of his accountants) that they cost him 5 *pence* and must be sold at 6 *pence*.

He sells 400,000 at 6 *pence*, leaving him with 600,000 unsold, and eventually goes bankrupt. This is despite the fact that 500,000 or 700,000 people could use the brooms.

This is an 'impossible case'. Or rather, it is an extreme case, and there are many intermediate situations.

For example, he reduces the price to one *penny* and sells the remaining 600,000 brooms, thus ruining a few other manufacturers, etc.

My theoretical example is only intended to show that a high price does not necessarily guarantee success, and is not necessarily the best method.

The issuance of credit (or money) must be fair, i.e. neither too large nor too small.

Every hour of work (human or kilowatt) must correspond to a one-hour certificate. This may be the first step. This may be scientific. Ultimately, it must be scientific.

But this will not exempt you from the need to use your intelligence about what and how much to produce.

What? Possible answer: 'Anything that is useful or desirable'.

How much? "Everything that is required" with a little extra for the unexpected.

This may sound very vague, but it can be reduced to mathematical equations and treated scientifically.

The equations (algebraic equations) *will not* merely *express* old results obtained at random.

Their solution will determine the length of the working day, i.e. the number of daily working hours for which a man is *paid*. Beyond that, he can paint walls, upholster armchairs, raise fighting cocks, buy lottery tickets, or indulge in any other form of frugal or extravagant activity that suits his temperament, as long as he limits himself to acting within the confines of his *property* (see the definition in Part One, Chapter 1).

As long as his activity remains within the confines of his house and garden.

## Chapter 7

*A perhaps superfluous digression* - I personally believe that every individual should own a home, that is, I think that every individual, man or woman, should have a certain space where they can retreat and be sheltered from any external interference whatsoever.

I would build human rights on this basis, and when individuals leave that cubicle, they should be modified by counterbalancing the rights of others who have the same origin, up to the rights of the state or groups.

Analogy between politics and economics.

## Chapter 8

*Economics* - It would appear that there are the following types of errors or crimes in the issuance of credit notes in exchange for work: 1. Those who have to

issue them may refuse to issue notes or an adequate amount of notes in exchange for labour.

2. It can issue too many.

3. It can issue them in such a way that, for goods produced and distributed using complex procedures, too much credit goes to a few, or to some type of work, and not enough to another.

The term 'work' here refers to the bricklayer, the clerk, the transporter, the entrepreneur, etc. That is, anyone who takes an active part in transferring the item from Mother Earth to the consumer (the eye of the beholder, the hand of the user).

### Chapter 9

I am not familiar with basic explanations of inflation and deflation. I mean something more easily understandable than the story of some particular case, such as the conflict between Van Buren and Biddle in the 1830s.

On the other hand, Doughty's *Arabia Deserta* or Leone's history of the eighth and ninth centuries can clarify to the reader what happens when there is NO production.

The fact is that such problems arise in every system, in every conceivable system, whether it be the Soviets or the Florentine bankers.

The necessary goods, transport, use or consumption. The need for movement, both of goods and of the 'intermediary'.

The monetary intermediary.

The mental clarity that allows us to understand that one hundred gallons per minute through a one-inch diameter pipe at a given speed can be equivalent to one hundred gallons through a different pipe at another speed: the larger the diameter, the lower the speed; the smaller the diameter, the faster the speed, etc.

A small amount of 'money' circulating rapidly will be equivalent to a larger amount circulating slowly, etc., etc.

As in mechanics, certain machines are suitable for doing certain jobs, etc., specific applications that do not change the principle. The fruits of experience *in terms of details*: ideas in terms of general causes.

It seems like a disappointing discovery or deliberate confusion! What the Major said fifteen years ago matters less than a valid and clear statement.

In the current system, industrialists are 'paid' in two ways. They receive 'money' or are 'owed' money for what they sell, and they can obtain loans from banks, i.e. their business and production capacity enable them to obtain credit as well as payments (in cash and deferred), and banks obtain more credit than they give

TO HIM, i.e. he has to pay back part of it, and for the part he pays back, he does not obtain direct credit, even if he can obtain the possibility of contracting other debts (under the same conditions).

Perhaps these statements are only of probative value. I am merely trying to say that 5 plus 2 equals 7 instead of stating, like other economists, that 2 plus 5 equals 7, to see if they or their readers understand what they themselves have previously stated.

After all, this is a very basic treatise.

While banks have obtained more credit than they have granted to manufacturers, potential consumers do not have enough credit to purchase the goods they need. Where can they obtain it? Banks will always give them less than what they owe them. They are not charitable institutions.

The accounting cost of goods is the (real) cost of goods plus the cost or income of money.

I recognise that in the perfect economic state, the cost of money is reduced to almost zero, to something like the mere cost of postage, and that this cost is borne by the state, i.e. distributed so that it does not burden anyone in particular.

Once this end has been achieved, general intelligence can address the problem of what and how much to produce.

The state conceived as public interest. Money conceived as public interest. Neither as private wealth.

## Chapter 10

*Novelty* - The possibility of novelty in economics is probably somewhat exaggerated. As early as 1750, Hume was talking about paper money and citing this or that to say that the large quantity of gold coins in Athens seemed of no use to the Athenians, except in facilitating arithmetic calculation.

Twenty years ago, people wondered whether someone could be considered a 'modern' economist with a capital 'M' because they 'did not deal with money'.

Some people understand, and many do not mention or do not fully grasp, the necessity of money, which is the need to have a common denominator FOR ACCOUNTING PURPOSES, so as not to drive accountants crazy with columns of ten horses, twelve cows, nine locomotives. Like *chips* in a game of poker, they are more convenient than betting your shirt, watch or cufflinks.

A MORE SERIOUS ERROR concerns the nature of wealth. Crises rarely occur in the sheep trade. I mean that the primitive farmer calculates his property in sheep and is not plagued by the worry of selling the entire flock.

Most of the current difficulties stem from the mania or hallucination or *idée fixe* of the MARKET and market value. The fundamental difference with regard to wealth is that of the animal, vegetable and mineral kingdoms.

All manufactured products share the main property of the latter, namely that they do not grow or multiply.

Sheep reproduce, seeds multiply, and not much work is required. I mean that the shepherd sits here and there with a boy and a dog. The dangers posed by bears, wolves and other accidents in the life of the primitive shepherd have been reduced. In mythical countries, he can still devote himself to weaving from time to time.

Sheep provide clothing (Jefferson calculated that one sheep provided enough wool for one person). The meat may not be to everyone's taste, but it is nutritious. There is no problem of ensuring FULL employment for the shepherd.

Crops require (too much) work in certain seasons.

But with a minimum of care, both crops and sheep multiply.

Your property and mine do not multiply. Your tables, piano, etc., remain as immovable as minerals, but you cannot have more by digging up the floor of your cellar.

Hume had already observed that 'the increase and *consumption* (my italics) of all commodities, which serve the decorum and pleasure of life, are advantageous to society because, while multiplying those innocent gratifications for individuals, they are a sort of *deposit* (his italics) of labour (...) which, for the needs of the state, can be allocated to public service'.

Hume could serve as a warning; for him, the 'needs of the state' are mainly wars, which should have made us reflect a little more deeply. I believe that this was not the case for the simple reason that his first sentence was not understood at all.

No book can COMPLETELY replace a man's thinking. The usefulness of any statement is limited by the recipient's willingness to think.

The practices of rent and interest arise from the natural tendency of grain and animals to multiply. The sense of good and justice that has essentially governed the practice of rent and interest throughout the centuries, *despite* countless particular cases of injustice in its application, is inherent in animal and vegetable nature.

It is not necessary to postulate any perversion greater than natural indolence, and this, in itself, is insufficient as a postulate. There has always been a reserve of destitute people, members of less civilised tribes, or paupers ready to guard sheep and happy to do so in exchange for part of the wool. The tendency of the French today to exploit the labour of the Congo is entirely traditional and 'normal'.

As regards the sale of children as servants, etc., the problem is no longer – but in many periods of history it was little more than – that of the

duration of dead hand. How long will dead hand dictate the law, and to what extent?

The two extremes: the sacrosanct nature of 'property' *versus* Jefferson's 'the land belongs to the living', which was partly dogma and partly the observation of a fact so obvious that it took a man of genius to grasp it.

Hence Jefferson's conviction that no nation has the right to incur debts that cannot be paid within the lifetime of the contracting parties or, in his view, within the lifetime of the majority of the contracting parties who are of age at the time of the contract. So, from an initial estimate of thirty-five years, he ended up setting the validity limit for these debts at nineteen years.

Thanks to his brilliant intelligence, the American economy progressed from the time of the revolution until the turmoil of the civil war.

No economic system can be valid if it does not take into account this belonging to the plant and animal world (a belonging that includes overproduction or extends to it).

The term 'overproduction' usually means 'more than can be sold!'

## Chapter 11

*Distinguishing between permanence and permanence* - Dissociating the duration of granite from that of wheat or an animal species. It seems that some people demand the same kind of duration for an organism in its embryonic stage as for a block of rock.

On the other hand, they say: a bank manager only needs to know the difference between a bill of exchange and a mortgage. Many 'great financiers' and award-winning 'economists' today do not make this distinction.

Economic habits arise from the nature of things (animals, minerals, plants). In economics, confusion and bad theories are due to a failure to grasp the different nature of things that are clearly distinct in the mind.

The 'economic' revolution, or economic revolution, occurred when raw materials were no longer limited to *static* mineral matter (plus animal and plant matter).

When labour began to be largely considered a 'raw material', the need arose for a change in economic concepts.

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<sup>1</sup>After the war, Henry Ford tried to dismantle a number of military ships. He made no monetary profit, broke even and was left with a large number of engines which, as far as I know, he still has. There is no reason to suppose that these engines cause any harm, any more than the ruins of Aigues Mortes or Carcassonne.

They take up space. You wouldn't want them in Piccadilly Circus. I also saw a sign that read: 'Mountain for rent, capable of feeding 30,000 sheep'. There is still room to breathe and walk on the surface of the planet.

When you have virtually unlimited reserves of work (by the simple expedient of running water downhill through a pipe to a turbine, or by any other expedient), you have to start rethinking your mental patterns.

Not only will the sheep continue to breed, without requiring much attention from the shepherd, but the lights will shine, the stoves will give heat, the trains will run, etc., while a couple of people watch over a dynamo.

The herdsman fed his family. The turbine can work for the group. Even the idea of national dividends (which I do not like) seems less silly from this point of view.

It is just as foolish to expect the members of a civilised 20th-century community to continue working eight hours a day as it is to expect the shepherd to try to grow his sheep's wool by hand; the farmer to blow on each seed he buries to warm it; the breeder to hatch his hens' eggs.

## *Chapter 12*

People, or rather readers of books and newspapers, are so unaccustomed to using their eyes, or so inexperienced, that they seem never to have seen the simplest phenomena.

Has the reader ever seen women at the parapet of a well, or at the tap of a public reservoir or pump?

The plumbing in the kitchen and the tap inside the house mean half an hour of rest (or leisure) per day for every female member of the community (the civilised community compared to the savage one and to many communities far removed from the latter).

This is not a theory of the wealthy class. It is a reality of wealthy humanity (i.e. civilised human life).

## *Part Five Chapter*

### *1*

*Minor addenda and miscellaneous* - I have never met a gambler with a shred of intelligence, but prejudice against lotteries falls into the category of superstition, totemism and taboo. Lotteries can only harm the imbeciles who buy tickets, but they are acting entirely legitimately. No valid

reason against this healthy safety valve as a means of raising funds for the state.

The passion for gambling has taken on romantic connotations; certainly, in particular cases, it is the only danger that some people may face and the only chance of adventure they have. I do not know if it would survive in a healthy community, but the world has not yet seen such a community. Prejudice is part of puritanical stupidity, which is basically a disease generated by the worst aspects of human nature.

However, there are plenty of reasons why this stupid pastime should be isolated, that is, limited in its effects to those who voluntarily gamble, and not allowed to influence the price of food and basic necessities.

The lamentations of a Whitney and the howls of stock market speculators are no better than any other form of gangster sentimentality.

The purpose of an action is one of its dimensions; it is a component of its specific weight, and no one has ever claimed to have sold short or speculated on the stock market except in the hope of getting their hands into other people's pockets.

There is nothing to be said against a gang of thieves playing poker except that they are playing with other people's money. When stockbrokers play among themselves without touching the food and welfare of members of the community who have no chance of profiting from the game and in any case no chance of setting the stakes, the aforementioned brokers etc. cannot boast of being sportsmen.

They have had plenty of time to show what they have done for their countries, yet so far they have not been able to find even one lying journalist to write their epitaph. From the point of view of the public good, they are not a success.

It is very easy to dissociate investment from speculation; it is quite easy to weave the web to recompose the dissociation. A stock exchange limited to trading for real investors would undoubtedly be very boring, and many of today's professionals and scoundrels would prefer to take up golf and chicken farming rather than adapt to such sheep-like tranquillity; but we are not here to guarantee the private entertainment of a few hundred or thousand privileged individuals.

It would be much better for the public good if they killed themselves in motorboat races, got excited playing the horses, and left roulette and lotteries to the common people. Economics, as a science, has no messianic vocation to transform instincts.

In the absence of an absolute state monopoly on all property, there will always be many opportunities to "make a fortune" with serious industrial projects. The fewer the number of fake diamond mines, the greater the likelihood that new inventions and improvements will receive support.

NOTE. Since the last war, the printing of luxury books has increased greatly. This is because many people have no confidence in the value of money.

I realise that I am in a dangerous position, and that any attempt to express myself dogmatically could discredit me; nevertheless, I want to venture the hypothesis that there has been a definite benefit or improvement due to a certain state of intelligence. The improvement occurred not because money was unstable, which I do not think anyone would consider a desirable state of affairs, but because those people were freed from *the idée fixe* of money as the one and only fixed value.

I recognise that they were only half free and that most people bought *deluxe* editions because they hoped to resell them later at a profit, but in any case that was only one aspect of the matter; for at least ten minutes they had had something tangible in their sights. Some honest consumers and some of the best producers reaped a benefit.

## Chapter 2

*Verification* - The above observations, although in some cases my own, do not claim to be new. Anyone who reads or rereads a classic will be struck by what they find agreeable, but they probably respect the ancient author to the extent that he seems valid or seems to have anticipated modernity.

Thus, in Hume, 'Prices depend not so much on the absolute quantity of goods and money present in a nation as on the quantity of goods that come or may come to market, and of money in circulation' (D. Hume, 1711-1776. *Essay on Money*).

America's mistake in the 1830s was to play on rising land prices as if uncultivated land far from the railway lines could 'pay off'.

The analogy with the 1930s is that the foolish American repeated the mistake, substituting 'industry' for agriculture, i.e. securities and shares in industrial companies that were either unable to produce or had no possible market within the foreseeable framework of stock prices in New York.

Hume's reasons for wanting what he called a flourishing state were manifestly despicable, consisting mainly of the idea that if a state were prosperous, some disgusting character like Louis XIV could pay the dregs of the population (his own or someone else's) to go and kill or rob someone else. But this does not detract from Hume's intelligence. He already saw through money. Through metal currency.

Some of his statements are still valid, and perhaps irreplaceable.

Probably nothing in his thinking is more valid than his assertion that prosperity does not depend on the amount of money in a country but on *its constant increase*.

This was before the term inflation entered everyday use.

DISTINGUISH. Inflation was initially used as a negative term and is now (1932) recommended as a 'general' policy.

DISTINGUISH inflation from constant increase. The term inflation could only be used to mean a disproportionate and false increase in the amount of paper currency in circulation, an increase with no relation to reality or with a distorted relation to reality.

INCREASE or real increase.

As evidence of growing productivity, an increase in output, an increase in the means of production, there SHOULD be an increase in the value certificates put into circulation.

But here too, a distinction must be made, and in particular, we can learn from history, and more specifically from American history in the 1830s. During that period, there was a land boom. Foolish people bought land and drove prices sky-high, without taking into account the fact that the commodity (land) did not produce anything, was not cultivated, could not be cultivated immediately or for a long time to come, and that there were crises, panic, etc.

The 'worthless' land was then exactly as worthless as machinery and factories are now.

In order to require certificates of value, the product (of the land or factory) must be desired by someone and it must be possible to supply it to those interested.

There are four elements, and it is useless to try to do without any of them:

1. The product

2. The need

3. The means of transport

4. And certificates of value, preferably legal tender and 'general' in the sense that they should be valid for grain, iron, timber, clothing or anything else the heart or stomach desires.

And (to repeat a previous statement) everyone must be able to obtain a certain number of such certificates under what could be called decent conditions, i.e. without torment and without excessive concern.

Preferably on 'fair terms', i.e. the conditions for obtaining them should not be too different in cases A, B and C.

For the umpteenth time, I repeat that the most direct way to achieve this desirable condition is through the formula: little work for everyone, resulting in a certificate attesting to the work done.

The brains of the nation or group must be used to identify WHICH work is most indispensable, which work is less necessary, and which is desirable even if not strictly necessary.

Such work should be paid. It should not fill anyone's entire day.

The rest of the day could be spent expressing one's differences of opinion with the majority, and on that 'work' or activity that each person (as distinct from the officially organised brains of the country) might consider appropriate, necessary or desirable.

Ultimately, your credit institution or those scoundrels at your bank or whatever financial and economic body would have one main function and would be judged intelligent or stupid depending on the competence with which it is performed. They must establish and, as far as possible, maintain a stable rate of increase in the value certificates issued.

The motivation of these bodies should be the *bonum publicum*, the common good, and not manoeuvres in favour of a few swindlers, scoundrels and high-ranking exploiters.

The most apt quote comes from a Spaniard whose name does not appear in my source, who, discussing the new constitution, observed that where the influence of financial circles has been too strong and uncontrolled, freedom has suffered.

THE FUNDAMENTALS OF ECONOMICS are so simple that they make the subject almost entirely uninteresting.

The complication, if one can speak of complication, arises

A. from the extreme difficulty of predicting demand;

B. the dishonest nature of some, the selfishness of exploiters and

'privileged' who fear losing an 'advantage'.

The best system of government, economically speaking, is the one that best balances the four elements listed above, regardless of whether it is a republic, monarchy, soviet, or dictatorship. In the future, it will probably be a republic, except in special cases, but whether republic or soviet, the government that best ensures this balance, with the least amount of talk and the utmost honesty, should prevail and will probably prevail 'as a system of government'.

### Chapter 3

*Dictatorship as a sign of intelligence* - Popular imagination and Ludwig-style charlatanism portray the dictator as the man of the moment, the force of will, the favourite of destiny.

The 'intelligence' phase is more interesting. Mussolini as a man, intelligent, is more interesting than Mussolini as a punisher. The Duce's aphorisms and insights can be studied separately from the means he used to put them into practice.

'We have had enough of a government in which no one is accountable by name, surname and address'.

'Production is the work of machines, but consumption is still carried out by human beings'.

#### Chapter 4

*Furthermore, his perception of the dimension of quality* It is quite remarkable that a ruler realised that there was a limit to the quantitative dimension of a nation's productivity, i.e. a limit to the amount of production that could be beneficial both to a given nation and to the world as a whole, but that there is no limit to the qualitative dimension. Peaks have been reached, see my articles on art and literary criticism for the examples cited, but these peaks are not inevitable limits. Nothing prevents us from desiring art that is better than that of the fifteenth century. We may or may not succeed, but there is no harm in trying. In any case, in terms of QUALITY, there is ample room for all human energy, and no one should feel blocked because they only have four hours of paid work per day.

After that, the problem of civilisation is completely outside the economist's field. Neither the billionaire nor the screaming crowds can corrupt, cajole or coerce the artist beyond his abilities.

Five hundred people can create any kind of civilisation, *within the limits* of the abilities of their best inventor and craftsman. But all they can do for him is feed him, clothe him and give him time and space to work.

*Conclusion* Less than twenty-four hours after writing the above, I discover that R. H. C.[4] (in the 16 June 1932 issue of 'New English Weekly') had finally found an expression simple enough to be understood by almost everyone, except perhaps Maynard Keynes or some paid spokesman for British liberalism:

Would you call it inflation to issue tickets for every seat in a hall, despite the fact that the hall had never been filled before, or to sell more than a quarter of the seats because there were not enough tickets available?

Inflation would consist of issuing more tickets than there are seats.

This is the foundation of the new economy (of Douglas).

Perhaps Keynes has now discovered it; he was unable to understand it in 1920, and until he publicly acknowledges the value of C. H. Douglas, I shall be forced to regard him as a fool or to believe that his writings spring from motives that lie deeper in his conscience than courtesy permits me to penetrate.

(...) and they use every expedient, with no other purpose than to hinder industriousness and deprive us and our neighbours of the common advantages of art and nature.

David Hume, *The Balance of Trade*.

*Conclusions or Spring Postscript* - 1. An economic system in which it is more profitable to manufacture weapons to tear men to pieces than to cultivate grain or manufacture useful machinery is a disgrace, and its supporters are enemies of humanity.

2. The most pressing problem is distribution.

3. National dividends are possible.

4. When money is conceived as a certificate of work done, taxes are an anomaly, as it would be very easy to issue certificates of work *done for the state*, without wasting effort on recovering certificates already in circulation.

This does not mean that the state should buy everything that comes to mind. There would be a rush of 'gold diggers' when this concept became operational, but there should also be an increased sense of proportion in values FOR the state.

There will be no more savings on healthcare, hospitals, medical and dental services. Currently, England wastes three million lives in peacetime for every million lost in war.

5. The popular reaction against taxation is legitimate. I repeat that national dividends are possible, but I doubt their immediate necessity, and in any case the first step in this direction, whether they are considered a proven right or an experiment, could (? should) consist of direct payment with a new type of money for socially necessary work. This could very likely provide the right rate of increase in the means of circulation necessary for the vitality of exchange.

'Prosperity comes from exchange' (meaning the exchange of different goods, regardless of the steps, accounting, etc. that may be involved).

6. A lot of nonsense is said because the various meanings of the term 'gold standard' are not distinguished.

Gold could serve as *a measure* even in the latest and most imaginative variants of the economy, provided that the issuance of money (necessary for exchange) is not rendered useless or exploited by those who happen to be in possession of gold at a given moment.

It is very easy to increase the amount of money in circulation without devaluing it.

7. If any of the author's opinions are wrong, he will be happy to correct them as long as the contrary is proven, but he will not change them just to please those who bring customers to cannon manufacturers and paid economists who, for twenty or more years, have done everything possible

to make the subject valuable and surround it with mystery. Their opinions arouse suspicion for obvious reasons, and they never openly contrast one thesis with another, preferring to evade the issues and quickly change the subject.

I have personally heard one of the leading and most despicable members of this band of fraudsters present himself as an 'orthodox economist'. 'orthodox' and paid physicists condemned Galileo.

*Political orientation* - In both England and America, the new party should be a MATERIALIST PARTY with three main points in its programme:.

1. When there is enough, the means should be found to distribute it to those who need it.

2. It is the nation's responsibility to ensure that its citizens receive their share before worrying about the rest of the world. (Otherwise, what would be the point of being 'united' or organised into a state? What does it mean to be a 'citizen'?). 'citizen' mean?).

3. When the potential production (the possible production) of anything is sufficient to satisfy everyone's needs, it is the government's responsibility to ensure that *both* production *and* distribution are carried out.

EP.

*12 February, year XI of the Fascist Era.*

*Ezra Pound*

*Calling Card*

*(fragments)*

*Scheiwiller, Milan 1974*

#### CURRENCY

CURRENCY is a quantitatively determined title, exchangeable at will for any commodity offered on the market. In this it differs from a railway ticket, which is a specific title, not for general use.

It is not enough to say that the new currency is a 'symbol of work'.

It is a symbol of collaboration. It is a certificate of work accomplished within a system, and valued, or 'consecrated' by the State.

State or imperial currency has always been a proclamation of sovereignty. Sovereignty entails the right to mint or print currency.

'Within a system' means that currency must be a certificate of work done that is useful to the nation, valued by the state at a certain value for the nation.

Confusion about currency has been and continues to be deliberate. It does not arise from the nature of currency or from the natural stupidity of the public.

It was a Rothschild who wrote: 'Those who understand it will be intent on exploiting it, and the public may never understand that (the usurocratic system) is contrary to their interests' (Letter from the Rothschild brothers quoting J. Sherman, to the firm of Ikleheimer, Morton etc. dated 25 June 1863).

Monetary culture, which should never have been separated from that of master literature, can be traced from Demosthenes to Dante, from Salmasius to M. Butchart's *Money* (an anthology of opinions from three centuries); from the indignation of Antoninus Pius, who attempted to exploit the misfortune of others, e.g. shipwreck victims, to

*"... it pains me that Senna  
induces, falsifying currency."*

After the statements by Ministers Riccardi and Funk, it would perhaps be pointless to reprint the "prehistoric" controversy of the battle for labour currency, and in any case it cannot be fully explained on a *business card*.

Credit is a social product. It does not depend solely on the individual. The confidence you have that I will pay you one hundred lire in the year XXX is conditioned by the social order, by civilisation, by the probabilities and possibilities of the human complex.

To say that the state cannot act and create because 'there is no money' is as ridiculous as saying 'it cannot build roads because there are no kilometres'.

Phrases that were considered crazy seven or twenty years ago are not difficult for today's reader; they are no longer considered mischief by the crazy traveller or pilgrim.

What conditions the capacity of the state is nature, the presence or possibility of producing foodstuffs; but to a high degree, it resides in the will and physical strength of the people. And the will is concentrated.

The Florentine Secretary said: men live in small numbers.

As a Cavourist, I neglected Mazzini's writings for a long time. I can think for myself. I do not penetrate the mystery of the transformation, or transition, from thought to the mobilisation of the activity of others.

The economists of the last thirty years did not read Mazzini, and therefore their propaganda was not based on that page of *The Duties of Man* which says:

'Establishment of public warehouses or storage facilities, from which, once the approximate value of the goods delivered has been ascertained, a document or *voucher* similar to a bank note would be issued to the Associations, admitted to circulation and discount, so as to enable the association to continue its work and not be strangled by the need for immediate sale...' etc.

He also speaks of a credit fund to be distributed, thus anticipating the theories of the Scottish C. H. Douglas, creator of the Social Credit system, which was tried out in the province of Alberta (Canada) and crushed by the British.

Mazzini says: The distribution of that *credit* should not be done by the Government, nor by a National Central Bank; but, under the supervision of the national power, by local banks administered by elected Municipal Councils.

And with that, he enters an administrative domain that does not concern me.

What matters is the direction of the will.

A century of usury, the 19th century! Mazzini wrote: 'The history of the last half-century, and the name of this half-century is *materialism*'.

The name of the Fascist era is *Will*.

## AUTOBIOGRAPHICAL

I WILL NOT RETURN to Mazzini, nor will I return to the Douglasist movement (Social Credit). That movement was the gateway through which I entered into economic curiosity

, and for this and other reasons, your Continuing Revolution interests me perhaps more than it interests you. Having seen and experienced reforms and revolutions that did not come to pass, the mystery of the Fascist and Nazi Revolutions interests me in a way that you, who experienced these revolutions instinctively and received their results without worrying about the mystery, cannot understand.

I insist on the identity of our (i.e. American) revolution of 1776 and your fascist one. Two chapters of the same war against the usurers, the same ones who crushed Napoleon.

And let a commemorative urinal be erected to the Jew Mond, who said in the year of the sanctions: 'Napoleon was a capable man, it took twenty years to crush him. It won't take us twenty years to crush Mussolini', adding, as a footnote: 'The economic war has begun'.

I know that living room. That sofa where the foul brother of Imperial Chemicals sat. I know it. I did not read about this in some newspaper, but I know it from first-hand accounts. Fortunately, these scoundrels do not know moderation. Otherwise, the world would already be totally under their rancid domination.

#### C'EST TOUJOURS LE BEAU MONDE QUI GOUVERNE

OR rather, high society, that is, the society that, among other things, reads the best books, possesses a certain amount of courtesy, but above all, sincerity and frankness, modulated by silence.

Counsellor Tchou told me: 'These peoples (Chinese and Japanese) must be like brothers. They read the same books'.

The beau monde governs because it has the fastest means of communication. It is not obliged to read three-column printed bricks. It communicates with short or long, but timely, detached phrases.

Thus said Count de Vergennes: 'Mr Adams, newspapers rule the world'.

And Adams, in his old age: "Every discount bank is absolute injustice, stealing from the public for the profit of private individuals. And if I write this in my will, the American people will declare that I died insane."

The democratic system was betrayed: in the minds of Adams, Jefferson, Madison, and Washington, it had two cornerstones: local and organic administration, roughly geographical, but representing different ways of life, different interests, agriculture, fishing, etc. The delegates of the thirteen colonies formed, more or less, a chamber of corporations.

And the nation governed the national currency, in theory until 1863, sometimes even in practice. This essential basis of the republican system of the United States remains a dead letter today, but it is still printed in *the Constitution* of the United States.

'Congress shall have the power to coin money and determine its value'. [...]

## FAMILY

PERHAPS no one has built a greater stretch of railway than my grandfather did with his credit and \$5,000. The credit was obtained from the lumberjacks (and in spite of the big steel monopolists, both in the United States and abroad) by printing, with his brother, his own paper money of the "Union Lumbering Co. of Chippewa Falls" "payable to the bearer in goods or timber".

It was only in 1937, from some newspaper clippings brought to Rapallo by my father, that I learned that T. C. P. [= Thaddeus Coleman Pound] was already writing in 1878, or insisting among his fellow deputies, on the same cornerstones of monetary and state economics that I am writing about *today*.

## SOCIAL

CREDIT is a social phenomenon. The credit of the nation belongs to the nation, and the nation does not need to pay rent on its own credit. It does not need to rent it from private individuals. Thus Jefferson wrote to Crawford as early as 1816:

"If the bills issued correspond (as is essential) to specific tax pledges for their redemption within fixed and moderate terms, and if they are of denominations convenient for circulation, no interest on them would be necessary or fair, because they would serve every purpose for which the metallic money withdrawn and replaced by them serves."

This quotation forms the second chapter of my *Introductory Text Book* (in 4 chapters, for instruction in the economic history of the United States). The first chapter is the aforementioned quote from John Adams: 'All the perplexities, confusions, and afflictions in America arise *not* so much from the defects of the Constitution, nor from any lack of honour or virtue, as from an absolute ignorance of the nature of money, credit, and circulation'.

The third chapter is Lincoln's: 'We gave this people the greatest benefit they ever had: their own paper (money) to pay their debts'.

And the last: Art. 1 (Legislative Department) Section 8. pp. 5 of the Constitution of the United States: Congress shall have the power to coin money, and to

determine their value (of the units), and establish the criteria for weights and measures (Signed George Washington, President and Deputy of Virginia).

The *book* consists of a single page, followed by half a page of bibliographical references indicating the authors already mentioned in this booklet, as well as Christopher Holis, MacNair Wilson and P. J. Larrañaga.

Anyone who understands these four chapters will be well on their way to understanding monetary and political economics.

Currency is both a title and a measure. When it is metallic, it is assayed to ensure that the metal is of a certain fineness and weight. By using such currency, we are still in the realm of barter. When currency is understood as a title, the desire to barter disappears. When the state understands its duty and power, it does not leave its sovereignty at the mercy of irresponsible private individuals (or those who assume unjustified responsibilities). It is fair to say that 'working currency' is a 'symbol of work'. Even more so, it is a symbol of the collaboration between nature, the state and the working people.

The beauty of the images on ancient coins rightly symbolises the dignity of sovereignty inherent in royal or imperial responsibility. The disappearance of numismatic beauty coincides with the corruption of governments. The Rothschilds financed the Austrian armies against Venice and Romagna. Of course.

The Rothschilds financed the armies against the Roman Republic. Of course. They tried to buy Cavour. Of course. He took the first step towards Italian unity, allowing himself to be exploited according to the customs of his time, but refusing to be dominated by the exploiters.

R O M A  
A M O R

Above all this, the substantiality of the soul, and the substantiality of the gods. [...]

#### DE MODO USURARUM

GETTING INTO DEBT: a way to make a political career. Mandarin Wu Yung tells us that when he became governor, the bankers begged him to borrow money from them. He insisted that he would never be able to repay them from his salary. They didn't care about that little fact.

This story is linked to the life of the Venetian usher who hanged himself after forty years of loyal service. The bill of exchange

*... breaks down walls and weapons.*

And the policy of unfairly low wages can play into the hands of usurers.

The emphasis is on the adverb 'unfairly'. Such a policy stems from an imperfect understanding of the nature of money and the power of the state. The monetary authority of the state can provide for the needs of the people and for all work useful to the state, up to the limits of the raw materials available and the intellectual and physical strength of the people, without asking Rothschild's permission or resorting to Cavour's alternative.

#### MONEY-WARNING

It is still not sufficiently understood that every healthy economy, every economic process, arises from justice. Money is a measure. It is a reminder of how much the public owes to the bearer of the coin or banknote. 'Not by nature, but by custom; therefore called *numismatics*'.

The state can lend. It is fairer for the state to be paid for the work done by the administration than for the work done by non-state workers.

By creating precisely these metal discs, or these pieces of paper, which serve as a means of exchange and a measure of exchange, the state works, and it would be fair for state employees, governors, to be remunerated for this work, instead of receiving taxes on other people's products. The ethical and intellectual work that determines the measure of the fair price deserves its just reward. This is the ethical basis of Gesell's idea, a basis that Gesell did not mention.

It is not necessary for an inventor to understand the full scope of his invention. Gesell saw his instrument from the point of view of the merchant, eager for a rapid and ever-accelerating exchange of goods. 'Wealth is exchange'. Rossoni immediately saw the advantage for the state: "This way, the state gets its deal."

It would be a good deal, not a *dirty* profit. State revenue is as important as the acceleration of trade. It is right that the state should be remunerated for its work. It is unfair that money should enjoy privileges that goods do not enjoy. It would also be useful if money were consumed at the same rate as goods, instead of being permanent in a system where goods are consumed and food is eaten.

The study of monetary economics is worthwhile because it leads us to contemplate justice.

#### CIRCUIT

THE QUESTION ARISES as to whether the circulation of capital should be automatic. We must distinguish between capital and purchasing power. In striving for

clear terminology, we could limit the word capital to the sole meaning of 'productive enterprise' or securities of such an enterprise, i.e. securities implying a material basis that yields a profit that can be divided periodically, giving interest (interest on securities, in currency) without creating inflation, i.e. superfluity of paper money in proportion to available goods.

The redeemable currency creates an automatic purchasing power cycle. Each new coin is cancelled after one hundred months; this means an automatic cycle, returning to the source in eight years and four months. It cannot be hoarded. Those who keep this currency inactive will see it slowly disappear. Those who need it to live, or use it to stimulate and increase the good of the nation, will benefit from it.

This currency is cancelled, bringing revenue to the tax authorities. Vouchers are not cancelled; they create a fixed obligation. It seems to me that redeemable currency is the only means of increasing state revenue in the very act of spending it. There is no denying that the state benefits from electrical installations, etc., but other systems of taxing these new industries are more complicated than necessary.

The voucher creates a 5% obligation, the redeemable currency creates revenue. The voucher serves to distribute purchasing power among the buyers of the vouchers. This can be useful to the state up to a certain point. Up to an income... let's say 50,000 lire per year for the individual who deserves it.

Let's say, perhaps, up to 100,000 per year, but not *ad infinitum*.

*Ezra Pound*

*Orientations*

*(excerpts)*

*Vibo Valentia 1978*

#### CURRENCY, LABOUR AND DECLINE

The ancient Roman Empire fell because it did not defend its currency or labour, nor did it defend the purchasing power of wheat producers. The strength of ancient Rome arose with the Licinian laws and began to decline with 'dumping', i.e. the importation of low-priced Egyptian wheat.

The name 'Roman' remained until a Bulgarian shepherd's son (Justinian) became emperor. Today, the name 'democracy' has been retained by usurocracies, or danistocracies, if you prefer a more academically correct but perhaps less understandable term, which means: rule by money lenders.

The war against "das Leibkapital" was proclaimed by Hitler two years after the march on Rome, but in America, terminology continued to be used that no longer corresponded to the facts.

The system of the United States conceived by John Adams and his colleagues was a state system. In the uncultivated land, an organisation developed to the European level was not, and still is not, possible. What remains misunderstood in America, as in Europe, is that this American state system disappeared after Lincoln's assassination. It did not disappear as a result of an open and honest revolution. The system was betrayed and fell. Everything that was state-owned or representative dissolved. Power was diluted, the people were mocked, and the United States remained a danistocracy, a usurocracy, thanks to the dirty manoeuvres of Rothschild, Ikleheimer, Morton, Vandergould and other usurers, and the lurid traitor J. Sherman, a member of parliament from Ohio.

The betrayal was carried out by means of banking tricks, bank notes, etc. - as I pointed out a few weeks ago, quoting Overholser (History of Money in the U.S.). It is time to put an end to certain fetishes.

St Louis, King of France, paid for the crown of thorns a sum that Brooks Adams calculated in 1897 to be equivalent to one million dollars. The figure in contemporary currency is known. But after the battle of Tiberias, the Crusaders no longer trusted the relics. The maritime power of Venice was rising.

In our own day, Roosevelt paid billions of dollars for an almost useless substance. Certainly a substance less powerful than Plexiglas or

beryllium. It is time to put an end to this barbaric superstition, this blind reverence for the golden talisman, the lucky rabbit's foot fetish. The massacre of British soldiers would be the last tribute paid to barbaric superstition, to respect for the yellow metal.

A free nation is a nation that does not place control of its purchasing power in the hands of others. Europe does not produce gold and does not need it. This 'Europe' includes Italy, Germany and perhaps even France and the British Isles.

If you want to free yourselves from the Beit, the Jewish owners of the gold mines in Africa and the Soviet mines, you must open your eyes. Gold cannot be eaten. A nation needs wheat, wool and leather, but not trinkets.

Discussing the governments of so-called democracies: England, France, the United States, is a mere waste of time until a distinction is made between theory and fact. These three countries are controlled by usurers; they are usurocracies or daneistocracies, and it is perfectly useless to talk about them as if they were controlled and governed by their peoples or by delegates representing their peoples, or in the interests of their peoples.

One must ask to what extent and in what percentage of cases a member of parliament or other official prepares to become eligible by going into debt. The debtor member of parliament will be an obedient servant of his creditor, and if that creditor is a bank or a trust, that creditor does a large part of the work that creates the aforementioned delegate, member of parliament or sheriff. The press is expensive; let us say ten million dollars to start a daily newspaper. Free press? Not at all.

In 1939, only five of the best-known daily newspapers in the United States were operating without debt. One editor said, 'I can't find long-term credit. They give me loans for no more than three months'. So control is almost immediate.

The Axis humorists accompany me on the 'principles' ground but have (as far as I know) omitted to publish caricatures of the directors of the Bank of England, whose high patriotism and thirst to win the war for democratic freedoms was clearly demonstrated at the board meeting. The first act of mobilisation was to double their salaries. That is how one earns esteem and glory. They are so 'human'. And then so British: Goschen, Niemeyer, Strakosch, Lefeaux, Lazard, fine Anglo-Saxon names, dynasties of families such as W. H. Samuel (now Lord Bearsted, of Shell), Kleinwort, Hambro, the fine usurer who fled Norway, taking his money with him and urging the Norwegians to fight in his absence.

The methods of usury are of the kind that Dante found in the lower circles of Hell:

*In the manner of the ninth filthy bolgia,*

The 800,000 or so black soldiers in France, hired to replace the Europeans, have been enlisted to support Lazard, Rothschild and their

tools Handel etc., because usurers can swindle these poor people more easily than French peasants. And so it will always be where usurers reign. The usurer will destroy all social order, all decency, all beauty. The ethical difference between profit sharing (*sportsmanship*) and fixed taxation is fundamental. Those who hold mortgages do not care about the performance of the factory, the farm or the state. If they fail, he remains the master. Any nation that tolerates a state of usurers within the official state will decline. Those who are not interested in economic and monetary processes are idiots, certainly not literate, but illiterate.

For the record, C. H. Douglas has long argued that this war waged by international usurers is a war against the British as well as against the Germans. He argues that it is a war against the entire white population of Europe, for the benefit of international usurers (the temporary domicile of migrants is irrelevant). Whether Douglas' observation is correct or not, we can take it as an axiom that usurers are and will remain, until they are cast into the lowest hell, enemies of all highly cultured peoples, opposed to every living sense of reality and the workings of a high civilisation, for the simple reason that the more you understand the laws of the social mechanism, the more difficult it will be to swindle you with gold swindles or banking swindles. (Parentheses: I note in *The Annals of the American Academy of Social and Political Science* of May this year, a new variant, namely 16% usury, now called 'Industrial Banking' with the label 'Consumer Credit', stolen from the Douglasists and perverted for usurocratic purposes. I cannot determine from the quote in *The Annals* whether the 16 per cent tax on consumers is actually 16 per cent or 160 per cent on the real capital of these banks, which compete with pawnbrokers but do not fear their competition).

[...]

## SOCIAL CREDIT

Credit is undoubtedly a social product. Personal responsibility is one of the components of credit granted to an individual, since it is generally granted on the basis of trust in the debtor's good faith and good intentions, i.e. on their willingness to repay the sum received. However, considering that this repayment also depends on environmental conditions and the maintenance of public order, it can be said that personal credit is a social product.

Credit increases with the organisation of the nation: in fact, since its inception, it has been enhanced by the 'increase in cooperation'. This means, for example, that a million individuals, each working for themselves, cannot build a battleship or a power station.

Thus, the enormous credit we know today arises from social organisation, from state organisation. And the state does not need to borrow

money from private individuals. It is free from the moral and material obligations of borrowing money from private individuals. It is therefore free to enter into contractual relationships with private individuals for the payment of interest, as it is not obliged to go into debt in the old way and according to the superstitions of the Rothschild era.

This does not mean that government bonds should be banned. I am not opposed to the issuance of government bonds.

When a government enjoys widespread credit among its citizens, this demonstrates their support for its policies and their trust (amounting to billions in said government).

While the people's trust in the government and the state may also demonstrate other states of mind, other contingent passions, it does not matter. It may indicate private avarice, lack of confidence in tomorrow's market, in production conditions, etc. But, on the healthy side, it demonstrates great trust in the government, and that is enough, up to a point.

But the Bonds serve a second purpose, unrecognised by the common people. State Bonds can be used to distribute the state dividend; that is, they can distribute the profits earned by the nation as a whole.

To be useful to the state, the purchasing power of money must be spread, that is, distributed among the whole population, otherwise it becomes charity, which is anti-state poison and degenerates the people in a frightening way.

Credit is a social product, and every citizen (including the unemployed, the elderly and children) contributes to its formation. They contribute through their attitudes, their civic habits, and their behaviour. And every citizen, every individual, has the right to share in the state's earnings; and this does not imply any need to lend or borrow when the nation has truly made a profit in the current year or month.

The profit, or material gain, of a nation can be assessed without great difficulty, i.e. by measuring its assets at the end of each year. If at the end of year XX Italy has more stocks and facilities than at the beginning of that year, this would be the measure of profit for that year; and, conversely, it would be fair to distribute this profit by means of currency (paper money) at an equivalent nominal value.

Being at war, there is very little chance that the current year will be 'active' in this sense, and so credit has been resorted to. The strength of national credit is proving to be very valid these days.

But who should lend?

The individual or the state itself? The state can lend. This was already known to the ancient Romans and Greeks. Let us not forget that the fleet that won at Salamis was built with money lent by the state of Athens to private shipowners. In that case, it was metallic currency. We have two related truths, and we must distinguish between them scrupulously.

The state can lend money. This is something we learn from history.

But the state can also grant credit. In fact, since credit is a social product and not an individual one, who has more right to grant credit: the state or the individual?

Taking advantage of its credit (which has been proven to be extremely valid in recent days), what prevents the State from granting it to private individuals?

#### LET US DISTINGUISH

Currency and credit are similar but not identical terms.

Currency, even gold, was a demonstration of both mistrust and trust; mistrust was demonstrated in the material component, trust in accepting the coin, the engraved image and the inscription of the value.

But gold also served another purpose: to prevent counterfeiting. Once it was discovered that printed and sealed paper served equally well, if not better, to prevent counterfeiting, it followed that paper could function as currency. This was already known in China in the 7th century BC.

Coming to the concept, and now the official proclamation, of labour currency, we must not, and can no longer, cling to the superstitions of the Rothschild era. Usurers are on the wane.

The acceptance of labour currency brings not just one benefit, but many.

Gold is scarce. Gold has always been a tool of usury. For centuries, the so-called gold standard served mainly to mask non-gold but PSEUDO-gold currency, i.e. fake currency, currency created from the confused accounting of bankers.

Labour is not scarce. With the labour currency phenomenon, currency can be used where credit was previously used. Where, due to bad habits, even the state went to loan sharks to beg them to grant credit to *the state*. Yes, and maybe to the state! The state paid rent to loan sharks for the same credit that belonged, by right, to the state itself, having grown from the cooperation of the entire population, being a social product.

But by using labour currency, this currency can be issued as soon as the work useful to the state is carried out. The problem of circulation can be solved by itself. The age-old problem of distributing currency among the entire population is solved without putting one's neck under the yoke of usurers. The state is no longer forced to accept the immense burden of interest payments on new public debt.

Perhaps this is enough for an article or a speech?

Allow me one more word. Interest payments can still benefit public order for decades to come, they can help to maintain a high level of culture, and reward prudence and good morals. But the total of these payments must not exceed the *normal* profits of the nation.

In other words, they must be measured in proportion to normal and predictable national profits, and when I say 'must not exceed', I am downplaying the seriousness of the problem because in reality they must not equal profits; at most, they could healthily reach a certain percentage of these profits and be considered a dividend for the privileged or the *rewarded*. I insist on the word 'rewarded'.

I would say that these rewards should not exceed one hundred thousand lire per year for any individual. I would say that our aim must be to establish and support the state, and not to take advantage of anonymous companies.

#### OF AN ECONOMIC SYSTEM

[...] *In the year XI of the Fascist Era*, I asked myself these questions:

1. Is it an economic system that rewards those who make guns to kill people rather than those who grow wheat and make useful machines?

2. Should the nation's credit work for the benefit of the entire nation?

3. Is the sense of responsibility that everyone must have towards everyone else the basis of the Fascist Party? (The Fascist Revolution began with the Duce's statement: 'We are fed up with a government where there is no one responsible with a name, surname and address').

4. If money were considered a *certificate of work done*, would taxes be necessary?

5. Marx found work to be the basis of all values. C. H. Douglas derives values partly from work (i.e. today's work) but much more from cultural heritage, i.e. from the complex and sum of mechanical inventions, and perhaps also from customs, habits of acting in an orderly manner, etc. Which is more in line with the idea of the state?

6. The most pressing problem, especially in the United States and parliamentary states, is the distribution of *purchasing power*.

7. 'A factory can be considered not only as a machine that distributes purchasing power,' says C. H. Douglas. What comment can be made on this? With the current system (i.e. banking, usury, etc.), purchasing power is constantly decreasing in relation to material products.

8. Should we have a banknote (a coin, for example, worth ten pounds) for every piece of merchandise of the corresponding value?

Or approximately?

Or with a quantity of superfluous goods, sufficient for a reserve?

9. Isn't the mobilisation of *internal* credit one of the wisest steps taken by Fascism?

With the creation of power stations and land reclamation, real wealth has been created. The immense progress in mechanics does not contribute

to welfare under Fascism (surveillance, not state control) than under any other system existing in the eleventh year?

10. What the Duce said about newspapers (i.e. that when they are 'free' they are controlled by private interests) can also be said about banks?

11. For me, the quintessence of Bolshevism is in Lenin's decree (also signed by others): *Banking is hereby declared a monopoly of the state.*

12. Would the *perfect currency* be a true certificate of existing goods?

Or the command to bring or release these goods.

Or a compromise, that is, a fiction about the relativity of the goods to some substance or to a *will*?

If to a will, *whose* will?

13. R. Mckenna argues that 'controlled inflation' is the ultimate remedy. Would it not then depend on who would control it and for what reasons?

14. If inflation is accepted as a remedy, what are the arguments against equal inflation, i.e. the distribution of 'state dividends' to all?

(Note. Nov. XIX. In this paragraph, the language is not appropriate to the subject).

15. Discussing Fascism with a Bolshevik official, he insisted that the Russian state belongs 'to them', i.e. to the people. I cannot grasp the meaning of this 'belongs'.

Was Italy under fascist rule a feudal state? (ironic question).

Other questions followed that were not strictly related to economic and monetary issues, for example:

16. The difference between Bolshevism and Fascism lies in the level of culture. You can change an administrative form and perhaps a theory in six days, but you cannot build a civilisation in six years.

17. Prejudices: dead verbal forms?

18. Jefferson's *de facto* government resembles today's fascism more than it does today's America. Isn't that true?

(Note: the following month, i.e. February XI, I wrote my 'Jefferson and Mussolini').

*Ezra Pound*

*Gold and*

*Labour*

*from: Labour and Usury: Three Essays,  
All'insegna del pesce d'oro, Milan 1972*

On Monday, 30 January 1933 (year XI) at 5.30 p.m., the author of the following notes brought a list of 18 points to a member of the Italian government, which, after a decade, were published in *Meridiano di Roma*, with the result that *Meridiano* was excluded from the United States postal service. Certain ideas are unwelcome among liberals.

The author's bibliography contains, in addition to non-economic works, hundreds of letters and articles on currency, books and other pamphlets, including:

*A. B. C. of Economics*. London, 1933

*Jefferson and/or Mussolini* 1935

*Social Credit, An Impact*. 1935

*What is Money For?* 1939

In Italian:

*Confucius, Integral Study* (in collaboration with Alberto Luchini)

*Business Card* (Editions: *Lettere d'Oggi*)

Collaboration with *Meridiano di Roma*, *Rassegna Monetaria*, etc.

Discussions arise from the ignorance of ALL disputants.

#### CIVIC DISCIPLINE SHEET

Until you have clarified your thoughts within yourself, you cannot communicate them to others.

Until you have put your own house in order, you cannot be an element of order in the party.

Military matters depend on the honesty of the regime.

*In memory of Aurelio Baisi*

## THE FAD OF UTOPIA

On 10 September last, I travelled along the Via Salarla beyond Fara Sabina and after a while entered the republic of Utopia, a peaceful country lying outside the present geography<sup>1</sup>. Finding the inhabitants rather cheerful, I asked the reason for their serenity and was told that it was due to their laws and the education system they had received since their early school years.

They say (and in this I agree with Aristotle and other wise men of the East and West) that our general knowledge derives from particular knowledge, and that thought hinges on the definitions of words.

To teach children to observe details, a kind of game is played, holding a number of small objects in a closed hand, such as three grains of barley, a coin, a small blue button, a coffee bean or a grain of barley, three different buttons, etc. Then the hand is opened for a moment and immediately closed again, and the child is asked what he or she saw. Then, for older children, more complicated things are done, and finally everyone knows how their shoes or hats are made. I was told that, by defining words, these people have managed to define their economic terminology, with the result that various injustices in the stock market and finance have disappeared from the country because no one allows themselves to be duped anymore.

And they attribute their prosperity to a simple method of collecting taxes, or rather, their only tax, which is levied on the currency itself. Because on every banknote worth one hundred, they are obliged to affix a stamp worth one, on the first day of every month. And the government, paying its expenses with new currency, never needs to impose taxes, and no one can hoard this currency because after one hundred months it would have no value. And so the problem of circulation is solved. And so, as the currency does not enjoy greater powers of durability than those possessed by goods such as potatoes, crops and fabrics, the people have come to judge the values of life in a healthier way. They do not worship money as a god, and they do not lick the boots of the fat cats of the stock exchange and the syphilitics of the market. And, of course, they are not threatened by monetary inflation, and they are not forced to wage wars at the whim of usurers. In fact, this profession, or criminal activity, is extinct in the country of Utopia, where no one is obliged to work more than five hours a day, because many bureaucratic activities have been eliminated from the system of life. Trade has few restrictions. They exchange their wool and silk fabrics for peanuts and coffee from Africa, and their cattle are so numerous that the problem of fertiliser is

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<sup>1</sup>I had written: 'Utopia, a peaceful country lying eighty years east of Fara Sabina'. For clarity and simplicity, I changed it. But for the English translation, I restored the first metaphor.

It almost resolves itself. But they have a very strict law that excludes all substitutes from their entire republic.

The people educate themselves almost laughing, and without superfluous teachers. They say that it is impossible to eliminate idiotic books, but that it is easy to distribute the antidote, and they do this with a very simple regulation. Every bookseller is obliged to sell the best books; and some of outstanding value must be displayed in the window for a few months of the year. And so, being able to know the best books, little by little the rubbish of the *'nouvelle revue française'* and that selected by the *'London Times'* has disappeared from the tables of the most foolish young ladies (and gentlemen).

They value expertise in agricultural work as I valued expertise in tennis or football in my youth. In fact, they hold ploughing competitions to see who can plough the most accurately. This made me feel too old, remembering a young friend, also caught up in this archaic passion, who wrote to me about his first acre: 'it looked as if a pig had been rooting around'.

After receiving such a simple explanation of the happiness of this people, I fell asleep under the Sabine stars, meditating on the wonderful effects of these seemingly small changes and marvelling at the distance between the world of the twentieth century and that of serenity.

Above the door of their Capitol building, it says:

THE TREASURE OF A NATION IS ITS HONESTY.

#### DETAILS OF THE CRIME

It is useless to assemble a machine if a part is missing or defective. It is necessary to have all the essential parts of the machine first. To fully understand the origins of this war, it is useful to know that:

The Bank of England, a criminal association, i.e. practising usury at 60%, was founded in 1694. Paterson, the creator of the bank, clearly stated the advantage of his invention: the bank benefits from interest on all the money it creates out of thin air. In 1750, paper money was abolished in the colony of Pennsylvania. This meant that in the meantime (56 years), the association of loan sharks, not content with its 60%, or interest on money created out of thin air, had become so powerful that it was able to set the British government in motion to *illegally* suppress competition which, with a healthy monetary system, had brought prosperity to the colony.

After 26 years, in 1776, the American colonies rebelled against England. They were 13 separate entities, riven by discord, but favoured by geography and European discord. They defeated England, their eternal enemy, but their revolution was betrayed by internal enemies. Their

difficulties could serve to stimulate Italians today, and the problems of that time could perhaps suggest solutions for Italy today.

The imperfection of the American electoral system was immediately demonstrated by the fraud committed by deputies who speculated on bills of exchange or '*certificates of payment due*' issued by individual colonies in favour of veterans.

The trick was simple, ancient, and equivalent to changing the value of the currency. Twenty-nine MPs, in cahoots with their friends, bought the certificates at 20% of their face value; then the nation, now constituted as an administrative unit, '*assumed*' responsibility for paying the said certificates at 100% of their face value.

The struggle between finance and the people was renewed in the battle between Jefferson and Hamilton, and more clearly when the people were led by Jackson and Van Buren. The decade 1830-40 has almost disappeared from school textbooks. The economic factors behind the American 'Civil' War are interesting. After the Napoleonic Wars, after the 'Civil' War, after Versailles, the same phenomena occurred.

Usury wages wars in series. It does so according to a pre-established system, with the intention of creating debt.

Every debt created in currency worth a hundredweight of wheat is presented for payment in currency worth five hundredweight or more. There is talk of devaluation, inflation, revaluation, deflation and a return to gold. Returning to gold, Churchill made the Indian farmer pay two bushels of wheat to satisfy taxes and interest that he had previously paid with only one bushel.

C. H. Douglas, Arthur Kitson and Montagu Webb recount the details. The United States was sold to the Rothschilds in 1863. It took Americans eighty years to discover facts that are still unknown to the European public. Lindberg's father revealed some of them to the US Congress, which were later collected by Overholser in his '*History of Money in the U.S.*'

A letter from the Rothschilds to the Ikleheiner company dated 26 June 1863 contains the fiery words: 'Few will understand this system, those who do understand it will be busy exploiting it, and the public may never realise that the system is contrary to their interests'.

The favourite games of usurocracy are simple, and the word 'money' is not defined in the employee handbook issued by the Rothschilds or in the official vocabulary '*Synonyms and homonyms of banking terminology*'. The games are simple: collect usury at a rate of 60% or more, and vary the value of the monetary unit at times convenient to the usurers.

## IGNORANCE

Ignorance of the games is not produced by nature, but rather by art. It has been aided by the silence of the press, in Italy as elsewhere. Furthermore

This ignorance was patiently developed. The true basis of credit became known to the founders of Monte dei Paschi di Siena at the beginning of the seventeenth century.

This basis was, and is, the abundance or productivity of nature combined with the responsibility of the entire population.

Banks and bankers have useful and potentially honest functions. Those who provide a measure of market prices and, at the same time, a means of exchange, are useful to the nation. But those who falsify this measure and this means are guilty.

A sound banking policy aims, and in the past has aimed, as Lord Overstone said, to 'satisfy the real needs of commerce and to discount all bills representing legitimate business'.

But at a certain point at the beginning of this century, Brooks Adams was moved to write:

Perhaps there has never been a financier more capable than Samuele Loyd. Certainly, he understood, as few others did, even in subsequent generations, the powerful mechanism of *the 'single standard'*. He understood that if trade increased, with an inelastic currency (inelastic quantity in circulation), the value of the monetary unit would increase. He saw that, with sufficient means, his class could manoeuvre an increase almost at will and that, without doubt, it could manipulate it when it happened, using foreign exchange. He also perceived that, once established, a contraction in circulation (fiduciary circulation) could be taken to extremes, and that when the currency reached a fantastic price, as in 1825, debtors would be forced to release their property on the terms dictated by creditors.

That is why Radio London, proclaiming the liberation of Europe, and Italy in particular, never answers the question: *What about the freedom not to go into debt?*

That is why Brooks Adams wrote: after Waterloo, no power could resist the force of the usurers.

That is why Mussolini was condemned twenty years ago by the central committee of usury. That is why wars are waged, that is, wars are waged to create debts that are then paid in a revalued currency, or in other cases, not paid at all.

War is the ultimate form of sabotage. It is the most atrocious form of sabotage. Usurers provoke wars to conceal existing or potential abundance. They do so to create famine. It is more difficult to impose a monopoly on abundant materials than on scarce ones. Usurers provoke wars to impose monopolies for their own benefit, and then to strangle the world. Usurers provoke wars to create debts; then they exploit the interest on those debts and exploit the profits resulting from changes in the value of monetary units.

If this is not clear to the novice reader, I leave them to ponder the following sentences from the Hazard Circular of 1862:

"The great debt that our friends, the capitalists of Europe, will make sure comes out of this war will be used to manipulate (monetary) circulation. We cannot allow *government* notes (*greenbacks*) to circulate because we cannot regulate them (i.e., their issuance, etc.)."

In fact, after the assassination of President Lincoln, no serious attempt was made against usurocracy until the formation of the Berlin-Rome Axis. Italy's ambition to achieve economic freedom, i.e. the freedom not to go into debt, triggered sanctions of grim memory.

But the major publishing houses in Italy, more or less conscious accomplices of the treacherous Italian press, have not published authors such as Brooks Adams and Kitson who reveal these facts in Italy. The press has been treacherous, and the major publishing houses have been complicit, consciously or unconsciously, according to their competence. One cannot fight bad faith by publishing the facts, but one can fight ignorance. The publishing houses received their information through poisoned channels and took their cue from *the Times Literary Supplement* and the volumes distributed by Hachette and Smith and Son, or approved by the Nouvelle Revue Française.

Nothing or almost nothing arrived in Italy without being selected by international usurers and their sinister and blind servants. And the result was evident in snobbery and '*manufactured*' ignorance. Neo-Malthusianism deserves examination. In Italy, as elsewhere, detective novels distracted their readers from the great underlying crime, namely the crime of the usurocratic system itself. If this seems unimportant to men of action and politics, it nevertheless resulted in a vast tangle of passive resistance precisely in the so-called middle classes.

"Literati" or "educated" people who colour printed material. They read, then write, and the public receives the rubbish. And this process of rinsing produces the CREDULITY that makes much of the public susceptible to the English disease, i.e. willing to believe the nonsense transmitted from London and redistributed free of charge by gullible locals.

We ask the liberals (who are not all usurers): why are usurers all liberals?

To those who call for the dictatorship of the proletariat, we ask: must the proletariat of one country impose dictatorship on the proletariat of another?

To those who rail against the concept of autarky, saying: but it costs too much; wheat must be bought where it can be bought most cheaply; we can recall that it was precisely the importation of wheat from Egypt at low prices that ruined Italian agriculture under the ancient empire. But if this fact seems too distant from our times, it can also be noted that anyone who talks about this kind of free trade ends up talking about the export of '*labour*', that is, the export of manpower, the export of human beings in exchange for foodstuffs.

Many are beginning to understand that England, in its sadistic attempt to destroy Italy, is destroying itself, but the public still does not understand

the origin of this destructive fury. Deny as much as you like that the purely or exclusively economic man exists. Analysis of economic motives helps us to understand avarice. The lust for monopoly is a radical evil. It manifests itself in the error of unfair pricing, condemned by the economic doctrine of the Church throughout its period of greatest splendour.

It must be understood that all literary fashion and the entire journalistic system controlled by the global usurocracy is aimed at maintaining public ignorance of the usurocratic system and its mechanisms. You know the details of military betrayal, but intellectual betrayal is not understood. Ignorance of this system and these mechanisms is not a natural product; it was created.

Liberalism and Bolshevism are closely aligned in their fundamental contempt for human personality. Stalin commands 40 wagons of human *material* for work on a canal. Liberals end up talking about the export of labour.

Liberalism hides its nefarious economy under two pretexts: freedom of speech (spoken and printed) and freedom of the individual, protected, in theory, by open trial, guaranteed by the formula '*habeas corpus*'. Ask in India and England how these pretexts are respected. Ask any American journalist how much freedom of expression is left to them by advertisers (large companies that buy advertising space in American newspapers).

Other useful facts to know:

1. We need a means of exchange and a means of saving, but it is not necessary for the same means to serve both purposes.

2. The state can LEND. The fleet that won at Salamis was built with money lent by the state of Athens to shipowners.

To simplify state and private administration, a mechanism that can operate at both state and private offices is preferable.

A NATION THAT  
DOES NOT WANT  
TO GO INTO DEBT  
MAKES  
USURERS  
ANGRY

#### THE PIVOT

All trade passes through currency. All industry passes through currency. Currency is the linchpin. It is the middle ground. It stands between industry and workers. It may be that the purely economic man

may not exist, but the economic factor in the problem of life does exist. By living on phrases and losing the meaning of words, we lose 'the good of the intellect'.

Trade brought prosperity to Liguria, usury caused it to lose Corsica. But by losing the sense of the difference between trade and usury, we lose the sense of the historical process. In recent months, there has been vague talk of an international force called finance, but it would be better to call this force 'usurocracy', or the domination of large usurers who have banded together and conspired. It is not the merchants of cannons but the traffickers of money itself who have created this war, who have created wars in series, for centuries, at will, to create debts and then exploit the interest; to create debts in cheap currency and then demand payment in more expensive money.

But until the word 'currency' is clearly defined, and until this definition is known to the people, the people will blindly go to war without knowing why.

This war was not a whim of Mussolini, nor even of Hitler. This war is a chapter in the long bloody tragedy that began with the founding of the Bank of England in 1694, with the intention declared in Paterson's now famous 'prospectus', which states: 'the bank benefits from the interest on all the money it creates out of nothing'.

To understand this sentence, you need to understand what money is. Money is not a simple tool like a spade. It contains two elements: one that measures prices on the market, and one that gives you the power to buy goods. Usurers have played on this duality. You understand well that a watch contains two principles, namely that of the mainspring and that of the balance spring, with a gear between the two. But when someone asks you what money is, you do not know what the ten-pound notes and twenty-cent coins in your pocket are.

Until 600 BC, when an emperor of the *T'ang* dynasty issued his state banknotes (I say state, not bank), the world was almost forced to use a certain quantity of some commonly used commodity as currency, salt or gold depending on the degree of sophistication of the environment. But from at least 654 AD, metal was no longer necessary for trade between civilised people. The *Tang* state banknote from 856, which is still preserved, bears an inscription almost identical to the one you read on your ten-lire note.

The note measures price, not value; that is, prices are calculated in monetary units. But who supplies you with these notes? And on what guidelines are these pieces of paper put into circulation? And, before this war, who controlled the issuance of world currency? If you want to look for the causes of the present war, try to find out who controlled *world* currency and how it was controlled.

For the moment, I will repeat just one indication taken from the history of the United States of America: the huge debt that our friends (the capitalists of Europe) will create with this war will be used to control the circulation

(i.e. to dominate the circulation of currency). 'We cannot allow *greenbacks* (government banknotes) to circulate, because we cannot control them'.

This is from the *Hazard Circular* of 1862. It seems to me that a similar situation existed in 1939. I would say that Italy, by refusing to go into debt, angered the big moneylenders. Think about it! And also think about the nature of money itself, and the neglect of economists in general when we ask what money, credit, interest and usury are.

Before discussing monetary policy, monetary reform or monetary revolution, we must be very sure about the nature of money.

## THE ENEMY

The enemy is (our) ignorance. At the beginning of the 19th century, John Adams (*pater patriae*) saw that the flaws and errors of the American government stemmed not so much from the corruption of its personnel as from an ignorance of money, credit and their circulation.

We are at the same point. The subject is considered dry by those who do not understand its significance. For example, towards the end of last December, a banker boasted to me that at a certain time he remembered, Italian paper money was worth more than gold. I suppose that at that time 'golden' age, the Rothschilds wanted to buy gold cheaply, and then raise its price 'to dizzying heights'.

In the same way, the Sassoons and their cronies took advantage of the fall in the price of silver. Silver fell to 23 cents (US) an ounce, and was then bought by the fools (Americans) at 75 cents an ounce, to please their Jewish masters and '*to save India*'. Where, with the return to gold, Mr. Churchill, as already mentioned, made the farmers pay two bushels of wheat to satisfy taxes and interest that they had previously paid with a single bushel.

To combat these manoeuvres in the metals market, we need to understand what money is. Money today is a metal disc or a strip of paper that serves as a measure of prices and gives its owner the right to receive in exchange any goods offered on the market up to the price indicated on the disc or strip, with no other formality than the transfer of the money from hand to hand. In other words, currency is something different from a special ticket such as a railway ticket or a theatre ticket.

This universality gives money certain privileges that a special ticket cannot have. I will return to those privileges another time.

In addition to this tangible currency, there is also an intangible currency called "accounting currency", which is used in banking and accounting transactions

This insubstantiality should be addressed in a discussion of credit rather than in a treatise on currency.

Our immediate need is to clarify current ideas about so-called 'labour money' and to specify that money cannot be a 'symbol of labour' without further qualification. It can be a '*certificate of work done*' provided that this work is done within a system. The validity of the certificate will depend on the honesty of the system and the competence of the certifier, and the certificate must indicate work that is useful, or at least pleasant, to the community.

Work that has not yet been done would serve more as a component of credit than as the basis for currency in the strict sense. In a metaphorical sense, credit could be called the 'future tense of currency'.

All the expertise of mints has been used to guarantee the quantity and quality of the metal in coins; no less precautions will be necessary to guarantee the quantity, quality and appropriateness of the work that will serve as the basis for the currency to be called labour currency (understood to be currency-certificate-of-work-done).

The same *accounting* frauds used by loan sharks in the past to defraud the public in the metallic monetary system will, of course, be attempted by the loan sharks of tomorrow against social justice, under whatever monetary system is established, and with equal probability of success until the nature and methods of these processes are clearly understood by the public or at least by an alert and efficient minority.

Only one quagmire would be drained by the creation of labour-money. I mean that the advantages of the gold standard boasted of by bankers are advantages to bankers alone, and, in truth, to only a portion of bankers. Social justice demands equal advantages for all.

The advantage of labour money derives mainly from one fact alone. Labour cannot be monopolised. And from this single fact derives the fierce opposition; all the natural and artificial noise emanating from the camp of international and local loan sharks.

The idea that labour can serve as a *measure* of prices was already current in the 18th century and was clearly expounded by Benjamin Franklin.

As for monopolisation: no one is foolish enough to leave their own bank account at the mercy of others, but nations, individuals, industrialists and 'businessmen' have been very quick and willing to leave control of national currencies and international currency in the hands of the most vile scum of humanity, including Churchill's masters and the pimps of the Roosevelt-Baruch clique.

Labour cannot be monopolised. The function of labour as a *measure* is beginning to be understood. The Italian public has had the opportunity to read clear explanations of the process, such as when Il Regime Fascista reports that a Russian worker has to work 380 hours to buy a coat that a German worker can buy with only 80 hours of work.

An article by Fernando Ritter in *Il Fascio di Milano*, dated 7 January, discusses currency not in abstract terms and generic words such as 'capital and finance' but in terms of grain and fertiliser.

As for the validity of primitive currency, i.e. bills of exchange written on leather, C. H. Douglas left us with the succinct phrase: it was good when the man who issued the bill promising an ox owned the ox.

The certificate of work done will be equally valid when the usefulness of the work done is honestly assessed by the competent authorities. It should be remembered that the earth does not need monetary rewards for the riches extracted from it.

Nature provides with marvellous efficiency for the circulation of capital and material derivatives to be maintained, and for what comes from the earth to return to the earth, with a noble rhythm, despite human interference.

#### TOXICOLOGY OF MONEY

Money is not a product of nature but of man. It is man who has made it an evil tool, through lack of foresight. Nations have forgotten the differences between animals, plants and minerals, or rather, finance has made them represent all three natural categories with a single means of exchange, neglecting to take into account the consequences of such an act. Metal lasts, but it does not reproduce. Sowing gold does not yield multiplied gold. Plants exist almost by themselves, but cultivation increases their natural reproduction. Animals exchange with the plant world, fertiliser for food.

Man, admiring the lustre of metal, made chains out of it. Then he invented something unnatural, namely a false representation, a representation of the mineral world that follows the law of the plant and animal worlds.

The nineteenth century, the infamous century of usury, went further, creating a kind of black mass of currency. Marx and Mill, despite their superficial differences, agree in attributing almost religious properties to currency itself. There has even been talk of energy 'concentrated in currency', as one speaks of divinity in blessed bread. But the fifty-pence coin never created the cigarette or the piece of chocolate that came out (in pre-war times) of the vending machine.

Durability gave metal certain commercial advantages that potatoes and tomatoes do not have. Those who own metal can wait for the right moment to exchange it for less durable goods. Hence the first instances of profiteering by metal holders, especially those with metals that are scarce and not subject to rust.

But beyond this potential for unjust action that metal coins absorbed from being metal, man invented a card with coupons to provide a more visible picture of usury. And usury is a vice

or crime condemned by every religion and every ancient moralist. For example, in Cato's *De Re Rustica* we find this fragment of dialogue.

'And what do you think of usury?'

"What do you think of murder?"

Shakespeare: "Is your gold sheep and rams?"

No! Money is not the root of evil. The root is greed, the desire for monopoly. "*Captans annonam, maledictus in plebe sit!*" thundered St. Ambrose: monopolisers of the harvest, cursed among the people!

The possibility of acting unjustly was already conferred on gold holders at the dawn of history. But what man has created, he can undo. All that is needed is to create a currency that does not have the potential to sit in the coffers until the moment that favours the holder of that currency, and the possibilities of strangling the people by means of coinage or banknotes will disappear almost by themselves.

The idea is not new. The bishops of the Middle Ages already issued a currency that was recalled to the mint to be re-minted at the end of a defined period. Gesell, a German, and Avigliano, an Italian, almost simultaneously devised an even more interesting means of achieving greater economic justice. They proposed a paper currency on which it was compulsory to affix a stamp worth one per cent of the face value at the beginning of each month.

The system has produced such commendable results in limited areas that a clear-sighted people has a duty to consider it. The means are simple. They do not exceed the intellectual capacity of any farmer. Everyone is capable of affixing a stamp to a letter envelope or a revenue stamp to a hotel bill.

One advantage of this tax over all other taxes (from a humanitarian point of view) is that it can only affect people who, at the time of assessment, have money in their pockets worth a hundred times more than the tax itself.

Another advantage is that it does not hinder trade or manufacturing; it only affects surplus currency, i.e. currency that the holder was not obliged to spend during the previous month.

As a remedy for inflation, its advantages should be immediately apparent. *Inflation* consists of a surplus of money. With the Gesell system, every issue of banknotes is consumed in one hundred months, i.e. in eight years and four months, or rather, it brings the treasury a sum equal to the original issue of the money.

(To make this fact even clearer, imagine a banknote placed in a chest for a hundred months; that is, a coin that goes on strike, which for a hundred months does not function as a medium of exchange, does not fulfil its destiny. Well, the tax on this idleness equals the nominal value. On the other hand, a banknote that passes from hand to hand can be used in hundreds of transactions every month before being taxed at all).

The expenses of the various offices now responsible for collecting taxes from the public could be reduced to a minimum and almost disappear. Employees do not go to the office for fun. They could be given the opportunity to go for walks or to raise the cultural level of their environment, even while paying their current salaries without diminishing Italy's material wealth by a single bushel of wheat or a litre of wine. Those who do not like studying would be given the time to produce something useful.

A great mistake of the so-called liberal economy has been to forget the difference between food and what cannot be eaten or used as clothing. A republican realism would draw public attention to certain basic realities.

A halfwit, Philip Gibbs, writing about Italy to the Anglo-murderers, does not understand what can be done with a product that does not sell. The idea of using the product does not enter into Bolshevik-liberal psychology.

#### THE ERROR

The mistake was *money worship*, that is, making money a god. This was due to denaturation, that is, making our currency a false representation, giving it powers it should not have had.

Gold lasts, but it does not multiply on its own, even if you put two pieces of gold together, one in the shape of a hen and the other in the shape of a cockerel. It is ridiculous to talk about fruit or fruits. Gold does not sprout like wheat. A representation of gold that claims that gold possesses these faculties is a false representation. It is a counterfeit. And the description 'counterfeit money' can be derived from this.

I repeat: we need a means of exchange and a means of saving, but it is not necessary for the same means to serve both these purposes. It is not necessary for a hammer to serve as an awl.

The stamp affixed to the banknote serves as a counterweight. In the usurocratic system, the world has suffered alternating waves of inflation and deflation; of too much money and too little. Everyone understands the function of the pendulum and the counterweight. We need to bring this understanding to the monetary sphere.

When money has neither excessive nor too little power, then we will be closer to a healthy economic system. The distinction between trade and usury has been lost. The distinction between debt and interest-bearing debt has been lost. As early as 1878, there was talk of non-interest-bearing debt, perhaps even *non-interest-bearing* national debt. The interest you have enjoyed in the past has been largely an illusion; it has worked in the short term, leaving you with a figure of currency higher than that you have 'saved' but owned in a currency where almost every unit was worth less.

Dexter Kimball, conducting a census of American railway bonds over half a century, made interesting discoveries about the quantity of these bonds that were simply cancelled due to contingent causes. If my memory serves me correctly, the figure reached 70%.

Interest is rightly due from industries and plants that serve to increase production. But the world has lost the distinction between the productive and the corrosive. This is an unforgivable imbecility because this distinction was known in the early years of recorded history. To represent something corrosive as productive is to falsify. Fools believe false representations. Reduce money to its proper powers, give it a duration corresponding to the durations existing in the material world, and in addition its own proper advantage (i.e. that of being exchangeable for any commodity at any time that the commodity exists), but do not give money, beyond this advantage, powers that do not correspond either to justice or to the nature of the commodities represented or paid for. In this way, we could approach social justice and economic health.

#### MILITARY VALUE

Military valour cannot exist in a climate of intellectual cowardice. No one should be angry if the community refuses to accept their proposals, but it is intellectual cowardice not to dare to formulate one's own social concepts. Especially in an era full of opportunities, an era that heralds the formulation of a new system of government. Anyone who possesses historical expertise and historical documentation must formulate their concepts in relation to the part of the social organism that

his studies give him the right to judge.

To develop this expertise in future generations, we must begin in schools with the observation of particular objects, and then progress to the knowledge of particular facts of history. It is not necessary for individuals to have encyclopaedic knowledge, but it is necessary for everyone who acts publicly to have knowledge of the essential facts of the problem they are attempting to deal with. It begins with the game of objects displayed for a moment in front of the child, in the hand that is then immediately closed.

Thought revolves around the definition of words. Texts: Confucius and Aristotle. I would end compulsory studies for every university student with a comparison (even a brief one) between Aristotle's two major books, *Nicomachean Ethics* and *Politics*, and the Chinese tetrabiblon (i.e. the three books of the Confucian tradition, *Ta S'eu* or *Mature Study*, *The Unshakeable Axis*, *The Conversations*, and *The Book of Mencius*).

For public and extra-university education, simple bookshop regulations would suffice, i.e. every bookseller would be obliged to stock, and in some important cases to display in their window for a few weeks of the year, certain books of major importance.

Those who are familiar with the masterpieces, especially Aristotle, Confucius, Demosthenes, and the "Tacitus" translated by Davanzati, will not be fooled by such rubbish. As for the currency, it is enough for everyone to think for themselves about the principle of the balance, or rather the national and social effects that would result from simply affixing a revenue stamp in the appropriate place. Better on the banknote than on the hotel bill.

There has been talk of the Knights of St. George without identifying them with due precision. Money can be harmful, but economic knowledge today is rather crude, as was medical science when it was known that a broken leg hurts, but the effects of microbes were not recognised. It is not so much the money that buys a Badoglio once, but the secret effect of interest that gnaws everywhere. This is not the interest paid to the private individual on his bank account, but the interest on money that does not exist, or rather on the mirage of money, an interest that is equivalent to 60% or more compared to money that represents honest work or products useful to humanity.

I repeat: the distinctions between productive and corrosive have been lost; between the division of the fruits of collaborative labour (i.e. a true and fair dividend, known in the Middle Ages as *'partaggio'*) and the corrosive interest that does not represent any increase in useful and material production.

It is, of course, pointless to engage in anti-Semitism while leaving the Jewish monetary system in place, which is their most formidable tool of usury.

We ask the Mazzinians why they do not read those pages of *'The Duties of Man'* that deal with banks.

*Ezra Pound*

*TOWARDS AN H-ORTOLOGICAL  
ECONOMY*

*from: "Rassegna Monetaria" XXXIV, 1937, 389-398*

Doubts about the nature of so-called 'orthodox' economics, if they are to be considered a sincere attempt (or rather a harmful claim), can now be said to have been overcome for at least 50 years. Currently, among the followers of orthodoxy, there can only be cowards, blind people, or careerists acting in bad faith.

Anyone who investigates sincerely cannot take 15 years to realise visible and common phenomena.

To say that economics is not a science would be defeatist and would only cause confusion. Half a century ago, aeronautics and radio could not yet be called 'sciences' (yet a certain Loomis had managed to transmit signals from one ship to another without wires using electricity as early as 1864).

What serious people can do today is to distinguish between that part of economics that is science, the domain of *episteme*, and that which is *tekhné* or the domain of skill (unfortunately often of cunning), the domain of *phronesis*.

It can be said that the art of sailing a ship is not a true science: yet the science of navigation exists and is being perfected: from the simple compass to the gyroscopic one.

Unfortunately, it is natural that confusion reigns in economic publications, given that the study of economics is currently carried out by empiricists, by men who lack serious training in terminology. Let us look, for example, at the Anglo-Saxon world to see which honest and serious writers have built up the living science of economics. SODDY, Nobel Prize winner for physics; DOUGLAS, engineer, head of Westinghouse in India; LARRAÑAGA, civil engineer; ORAGE, journalist converted by DOUGLAS; KITSON, inventor of the Kitson lamp; GESELL, merchant; etc. All practical men! To say that they discovered the moon means nothing, but at least they rediscovered the real moon, while professors continue to play childishly with a fake theatre moon; illusionists, capable of captivating the public only inside their own shack.

To understand the mentality of the founders of so-called orthodox economics, let us take, for example, a quote from RICARDO (without forgetting,

of course, that he knew the value of paper money: *'No commodity which is not subject to require more or less labour for its production'*. It seems that DAVID RICARDO had never entered a henhouse and that chicken eggs were excluded from his economic system. Yet as a measure of nutritional value (*life value*), eggs preceded the price index. By observing natural phenomena directly, the average person will make fewer mistakes than after filling their head with logarithms and banking mythology. I am not joking! The value of eggs increases and decreases in relation to the increase and decrease in hunger.

Aristotle left us a word with an obscure and complex meaning: *kreía*. Usefulness, desirability, which RACKHAM, naturally from Cambridge, translates without hesitation as 'demand'. Scholasticism does not enlighten us. Aristotle 'was right' but he meant that the value of a monetary unit *'is worth what you can get for it'*. Absolutely true, but this cannot be called scientific terminology.

A student can go to the library and consult as many as 50 so-called economics treatises without finding one that begins, in a Euclidean manner, with a clear list of definitions of the most common, fundamental terms necessary for discussing economic issues.

Let us begin, for example, with the term 'money'. Aristotle defines it poorly, or rather, he does not define it, but talks about it without really defining it. And humanity has remained in this state of semi-obscurity for twenty centuries.

I will venture to give some definitions, while realising that they will not be of much use until some academy or congress, or better still a group of serious and authoritative specialists, recognises the validity of this lexicographical work. For my part, I would like to be a lexicographer like LORENZO VALLA and count myself among the followers of CLAUDIO SALMASIO, who in his own way was also a lexicographer.

In proposing to create a scientific language, we must also consider how to translate certain terms into foreign languages. What is the precise meaning of the two Italian words 'denaro' and 'moneta', and which is better to use in economic definitions? 'Denaro' means both paper money and metal coins. I heard a prominent figure say, 'But real money is gold'.

Raw gold is not currency; the exchange of gold coins for other goods is essentially a form of barter: the barter of a certain quantity of cloth or a certain weight of goods for metal that has been previously weighed and measured.

The essential quality of currency is that it can be measured and serve as a measure. Even in the barter of a precious metal disc for goods, what determines the currency quality of the former is the state's coinage. A government that said, 'We cannot build roads because we have no money' would be as ridiculous as a government that said, 'We cannot build them because we have no kilometres'.

1) Let us try to define what money is. *'Money is measured claim'*. Money is a measured title or *mandate* (the term 'mandate' was used for the cheques of the House of Este in the fifteenth century). *"Money is a general claim."* Money is a non-specific claim (like a train ticket, a hotel voucher, a sea travel ticket entitling the holder to transport, food, accommodation, etc.) but a general one. Money is also exchangeable, meaning it can be transferred from one person to another without formalities, and does not bear interest like a government bond, railway bond or bond issued by any public limited company.

Let us now consider the English terms. 'Money' is perhaps best translated as 'denaro' rather than 'moneta'; 'coin' means precisely 'metallic currency', and for 'paper currency' one cannot use the expression 'paper coin', as one might think!

2) Let us move on to the term 'credit'. A man is said to have credit when he is believed to be able to pay in cash and is not thought to be trying to avoid or delay payment. 'Debt' is not exactly the opposite of credit. In fact, 'credit' is often the possibility of incurring debt and does not always necessarily mean the equivalent of a debt already incurred. We are therefore faced with an ambiguous term and while in accounting, in Italian, we speak more clearly of 'assets and liabilities', in English we must say 'credit' and 'debt' or, according to theoretical writers, 'credit' and 'debt'.

3) Finally, let us move on to 'inflation'. Among the half-truths of supposed orthodoxy, some are based on natural and iterative phenomena. So-called inflation must first be distinguished from true inflation, which occurs when money (or currency) is issued that 'corresponds' to goods or services that no one wants or in excess of the desired quantity. Currency has no value when it is issued 'against' (i.e. in pseudo-correspondence to a good or service that cannot be delivered or performed). For example, issuing money or currency 'against' a howitzer that exploded in 1917 would be inflation, and the currency itself would have no value, since no one wants that howitzer and no one can deliver it.

A short list of valid definitions can enable the average person to escape the deception and the utterly reprehensible and putrid perfidy of the great usurers and monopolists.

In fact, with a definition, or rather a serious and accurate concept of money, SODDY, after publishing a number of obscure books (obscure, that is, for readers, although extremely thoughtful and clear for Prof. SODDY), arrives at *Tomorrow's Money* (Anthology edited by M. BUTCHART, published by Nott, London, 1935) to write, *'Just as it is unthinkable that private people should have the power to levy taxes, so it is preposterous that the banks, in the teeth of all the constitutional safeguards against it, should by a mere trick usurp the function of Parliament and, without any authority whatsoever, make forced levies on the community's wealth'*, arguing that it is astonishing that banks, without being in any way

authorised to do so, can take the wealth of the people for their own private use.

Let us distinguish between the current situation in Italy and that in Anglo-Saxon countries. Let us distinguish between countries where the excessive availability of goods creates crises and countries that instead have a severe shortage of them, and let us go back a little to briefly mention the history of the 'new economy', which is in large part old wisdom or knowledge.

\* \* \*

There are four currents in economic thought today: 1) Douglasism; 2) Gesellism; 3) the canonist economy, which originated with St. Ambrose and evolved with St. Antoninus; 4) corporative economics, with its land reclamation policy, the battle for grain, stockpiling, family allowances, food vouchers, work vouchers, state control, etc. There is no need for me to talk about the latter in Italy or to write about it in Italian, since it is other countries that need (for the most part unconsciously) to learn about it and take advantage of it.

The *orthological* economy that we must establish must take into account certain facts overlooked by the so-called 'orthodox'. Goods have unequal durability. Marble lasts; legumes spoil, strawberries, spinach and potatoes have a relative shelf life; chairs, houses, works by Phidias, Praxiteles or Botticelli have a more remarkable shelf life. Primitive man uses one tool where civilised man uses a dozen.

It is not necessary to follow all the customs and habits of the past; it is not necessary to use the same means for exchange and savings, simply because Mr Nitti understood it that way.

I believe we should make a list of the serious men who are currently contributing to economic science, even if they are empiricists, even if they have only one discovery to their credit and are unable to coordinate it with history or with the correct and valid ideas of other schools or other times or economic sects.

We readily acknowledge that someone observed the ability of steam to lift the lid of a teapot. This is true even if the inventor did not publish an encyclopaedia or a voluminous treatise on physics.

We recognise that C. H. DOUGLAS discovered for himself the insufficiency of the purchasing power distributed by (and within) the industrial system of the 19th and early 20th centuries. His factory distributed purchasing power more slowly than it created 'prices', i.e. the goods thrown onto the market. It therefore created a quantity of prices in a month that exceeded the purchasing power distributed.

Criminals, imbeciles and monopolists, who live off the hunger of others, would like to cut man to fit the jacket. DOUGLAS, on the other hand, saw the possibility of issuing purchasing power corresponding to the quantity of goods that could be delivered and desired by the people. In this there was

little that was new and much that was honest. DAVID D. HUME had already seen that prosperity did not depend on the amount of money in a given nation but on the fact that this amount was increasing (we specify that the increase must be slow and steady).

CAIROLI mentions that Charlemagne's 'Denar merce' did not always have the same value. The denar grano 'contained' less grain in the year 808 than in the year 796. The moral man of good will can study this fact and the concept of fair price in *the medieval Giusto prezzo* by the priest L. P. CAIROLI (Merato, Tipografia Pessina, 1913), a fair and sound book that achieves almost stylistic beauty and literary value thanks to the author's candid sincerity.

Among useful writers, we mention MAC-NAIR WILSON, who has well educated his audience to recognise that banks do not lend money but only promises to pay (cf. *The Promise to Pay*, London, Routledge).

GESELL, while departing from the free exchange viewpoint, evokes (*bracteates*) medieval bishops. With his 'demurrage charges', these fashionable Avigliano stamps that had to be attached to banknotes every month to maintain their declared value, he intended to stimulate the speed of money circulation, and the burgomaster UNTERGUGGENBERGER in Vörgl demonstrated the effectiveness of this system.

GESELL demolished the dead part of MARX with the lapidary phrase: '*Marx never questioned money*', i.e. MARX never questioned the nature of money, he never analysed it.

The advantages of the GESELL system are at least the following: 1) in pseudo-democratic countries, it can liberate the nation, i.e. the government and the people (including all producers, both employers and workers) from the domination of bankers and usurers.

Although no pure-blooded Gesellist has ever considered currency to be prescriptible from a state and corporate point of view.

2) With a proportional stamp duty of 1% of the value of the banknote to be added monthly, a circulation of 12 billion would give the state an income of 1 billion per year, with almost no collection costs, which would be automatic and virtually free of bureaucratic interference.

3) Instead of piling up ('astronomical') debts with National Bonds in the manner of Roosevelt, every state debt, every claim on the nation's wealth, instead of doubling, would be extinguished in 100 months, i.e. in eight years and four months. (The British still pay a tax for the Battle of Waterloo).

4) Treasury bonds could continue to exist in private hands, as a means of saving for those who want to provide for their old age and their families, but they would be considered as a state dividend to a deserving class of citizens, not as an unavoidable necessity for a government that wants to use its credit.

I insist: the state has no need whatsoever to pay a 'rent' for its credit, that is, to borrow from large professional usurers, as

is done in almost every country that is unaware and too tied to harmful preconceptions, for example in my unfortunate homeland (the United States of America), in France in its current serious moral crisis, and in England due to the dominance of traditions accepted without understanding of new developments in the world.

The second generation of Social Creditors, after the empiricists and inventors, produced BUTCHART, who, encouraged by A. R. ORAGE, published the first book on orthological economics, *Money, the views of three centuries. Over 200 Extracts from 170 writers from 1641-1935* (Nott, London, 1935). B. was less successful with his second volume, *Tomorrow's Money*. He brought together seven writers with different opinions, all of whom were worthy, but he failed to get the individual authors to read each other's chapters. The book is nevertheless valuable for its reprinting of some of DOUGLAS's writings and for a page by SODDY already mentioned in this article.

Among the popularisers, IRVING FISHER and CHRISTOPHER HOLLIS deserve a mention. But a distinction must be made: FISHER is a journalist (officially a professor but at heart a journalist) who writes well. Forty pages of his '*Stamp Scrip*' deserve the attention of every man, even if he is a professor. FISHER does not engage fully in the battle. Perhaps he is an optimist and tries to persuade the great American usurers to be content with half a kilo of human flesh instead of 'shylocking' every last ounce and gram.

CHRISTOPHER HOLLIS wrote a book of great value, *The Two Nations* (Routledge, London, 1935), and then continued to fight in several books for the general public, where he can be said to have had a lucky hand; he is, in fact, one of the few economists who manage to deal with monetary science and the real problems of usury in such a way that their books sell and reach their third edition.

This phase belongs to popular education, which is very necessary in countries where so-called majority governments persist.

WYNDHM LEWIS calls the British government: *Fake antique*, fake antique. Although he is a man of letters and a satirist, he has recently contributed a book of great sociological value, reserved for a select audience, *Count your Dead, They are Alive (Preparation for another Great War about nothing)*. I do not quote him as an economist but to indicate the pace with which these issues penetrate the works of living, first-rate writers. The four best American poets of today deal with monetary problems (no longer the old sociology of Webbitte, Fabiana, Manchesteriana or Villardiana) as, in fact, did the great writers such as Dante, Shakespeare, Aristotle, Hume, Berkeley, Montesquieu, etc.

Another idealistic current oriented towards these ideas is evident in the writings of those who refer to the founders of the American republic, namely JEFFERSON, JACKSON, VAN BUREN (see my *Jefferson and Mussolini*, pp. 114-119, the books by W. E. WOODWARD, *A New American History*, the articles by Father COUGHLIN and BUCK, or more specifically

the most effective part of COUGHLIN's book, which is simply entitled Money, pp. 211-213).

It would be difficult to say which British and American magazines a foreigner should read, given that intellectual life in these countries manifests itself in ephemeral publications that last two or three years (or less, and then suddenly cease to exist or degenerate into a kind of literary or ideological bureaucracy, assuming a 'protective colouring' and settling into preconceived ideas). We must say that the British fascists began publishing economic and social periodicals of a very different vitality a year ago, namely the *Fascist Quarterly* (1936) and the *British Union Quarterly* (1937). This is the only British magazine in which I have been able to read articles by other contributors, including General FULLER, SALAZAR (Portugal), WYNDHAM LEWIS, A. K. CHESTERTON, W. JOYCE, and JENKS. I could mention other merits of the periodical press of political parties.

HUGO FACK, who has the great merit of having published GESELL's *The Natural Ecogomic Order* in Texas at his own expense, while the big publishers did not consider such a publication to be a good business venture, still imprints his magazine *The Way Out* with ideas about *Scarcity Economics*, despite the publication of LOLB's *Chart of Plenty* (see review by ODON POR in Rivista del Lavoro, March 1936).

Freedom of speech does not exist among these liberal sects. Neither the publications of the Gesellists nor the official publications of Douglasism ('*Social Credit*') allow for open discussion of economic ideas. They seem hypnotised and rigid, like decadent Muslims. They fight among themselves. DOUGLAS considers the marketing of prescriptible currency to be a tax boring, useless and perpetual, for as much as more understandable than 'cancellation' of Douglasian credit and its discounts, i.e. the means of cancelling issued credit.

Gesellists are almost sadistically enraged at the thought that the entire race can benefit from the work of those who have already died and from scientific discoveries. (Value derives from work, but a great deal of work has been done by our ancestors who are no longer here to enjoy the fruits of their labour).

The Douglasian *Fig Tree* makes no mention of the progress made by non-Douglasians, whether Gesellists or the corporatist system. The weekly *Social Credit* is only of interest in its own special field. The *New English Weekly* is steeped in the temperament of the English suburbs and therefore reflects the colour of that faded life rather than a specific, well-defined ideology. *New Democracy* in New York was useful but has ceased to exist. COUGHLIN does a job of popular education through a weekly magazine for the general public, not for initiates, *Social Justice*. However, in the month of June of year XV, I find in his magazine news that is not printed elsewhere or that elsewhere is reduced to a few lines suffocated between columns of scandals and *camoufflage*. From the editors of periodicals of a

I often receive this invitation: *'Can't you write about anything except economics?'*

I apologise to serious readers if I have spoken about things that are too different from each other. This article consists of two parts: in the first, I almost begged economists to consider the pressing need for precise terminology; in the second, I briefly mentioned certain fragmentary but sincere works by a handful of scattered writers, who are not but could be coordinated if a coherent group of technicians willing to take on lexicographical responsibility could be found.

We strongly assert that without a solid ethical foundation, neither a healthy nor a scientific economy can be achieved. Considering only pure dynamism without taking into account the 'purpose' of monetary policy would lead to chaos. The direction of will is a component that must be studied in the science of economics. Badoglio, in saying 'our gold is the will and arms of our soldiers', is far more of an economist than all the professors in London.

*Ezra Pound*

*ORTHOLOGICAL*

*ECONOMICS*

*from: 'Rassegna Monetaria', XXXIV, 1937, 705-715*

THE CENTRAL PROBLEM

In a previous article, we mentioned the impossibility of establishing an economic science or distinguishing that part of economics which is prudence, shrewdness, expertise (practical skill) from that part which is or can be science, without first clearly defining the basic and elementary terms and reaching agreement on the definitions themselves.

Let us briefly summarise the main conclusions we reached in this part, which we might call the terminological part, of our previous article.

CURRENCY is a quantitatively fixed security or mandate, exchangeable for any goods or services without any formality other than hand-to-hand transfer, and which does not bear interest like treasury, railway or other bonds.

Money is HEALTHY OR VALID when it is issued by someone who possesses a transferable commodity or who has the ability to perform a service, in exchange for the commodity or service, and when the commodity or service itself is desired.

(True) INFLATION occurs when money is issued in exchange for a non-transferable or undesirable good or service, or when it is issued in excess of the desired or transferable quantity or cannot be performed.

The CREDIT of an individual or a company corresponds to the confidence of others in the ability and intention of the individual or company to pay or perform. Only in recent years has a select public begun to realise, mainly in matters of trade between states, that these payments are ultimately made in goods.

In attempting to define COMMODITIES, we could refer to any material, whether raw or processed. However, in order to enter the economic sphere, someone must desire it.

To take a second step towards an economic science, we need to define the central problem of economics and its necessary components or factors.

The study of economics takes its name from the word *oikos* = house. Detached from its root, the term becomes sophistry and empty theory, since its *raison d'être* is precisely to feed, clothe and provide a comfortable life for

, which naturally implies bringing goods (food, etc.) from where they are to those who need or desire them.

There are four necessary elements of the economic process in any society that has passed the primitive stage (the state of 'birds and animals'):

1) the products of nature;

2) labour;

3) transport:

4) the '*Monetary carrier*'<sup>1</sup> a term that we could translate into Italian as 'means of exchange' or 'monetary instrument'.

This tool is a measure, but of a *unique* nature.

It is not a measure possessed by the seller and retained by the seller after measuring the fabric, grain or liquid sold. Rather, it is brought by the buyer and left with the seller in exchange for the goods received.

All these elements are conditioned and governed by will. Desire, hunger and cold give rise to the will to possess. The human (or divine) sense of ethics gives rise to the will to regulate the economic process in a fair manner.

Herein lies the whole problem; a problem that does not exist in a vacuum but must be situated by science in the world and in the climate of human intelligence as it is, not in an abstract intellectual climate.

It is precisely in this sense that we scattered, independent human beings with free will can serve some purpose, despite the limits of our capacity and wisdom. And here I must list various facts, trifles and minutiae of varying importance, fortuitous and seemingly meaningless when judged individually, but which together are indicators of the nature of the cerebral terrain and of intellectual or anti-intellectual orientation. I must also recount events I have experienced, not for autobiographical purposes, but only because concrete facts must be reported.

Four years ago, I printed a list of eight questions to find out the opinions of the most intelligent people I knew, or those I knew to be interested in the problem.

One of them responded to the fourth question: "We need to think about it."

The question was: "If currency is considered proof of work done, taxes are no longer necessary." I did not mean to suggest anything new with this, but was referring to speculation and experiences that have already been tried.

On the sheets sheets paper issued issued by the

UUTERGUGGENBERGER in Wörgl, the word '*arbeitswert*' , meaning labour value (10 *schillings*, 5 *schillings*, etc.)<sup>2</sup>.

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<sup>1</sup> EZRA POUND, *A. B. C. of Economics*, Faber, London, 1933.

<sup>2</sup>Due to a printing error in the 5-6-1937 issue of "Rassegna Monetaria", reference was made to banknotes issued by GESELL. By the phrase "Gesell currency", I meant currency issued under the Gesellist system. I was travelling and the proofs could not reach me. However, the error does not affect the validity of the Gesellist system.

The entire unmetred poem printed on the reverse side of this coin deserves the attention of the most profound thinkers.

First of all, it reads: '*Langsam unlaufendes Geld*' (slowly circulating money), which makes clear the reality of this currency issued in direct contact with the actual conditions of the Inn Valley, where there is nothing but land and people, where the only wealth is the harvest, which does not produce itself.

This coin actually circulated. This can be seen from the condition of the notes, including my grandfather's<sup>3</sup>, which are crumpled and faded from being passed from hand to hand. The wealth of the Wörgl Valley comes directly from work. And work alone is possessed in potential by all the inhabitants.

Note the word *Geld*<sup>4</sup>, synonymous with currency in German, a trace of the Teutonic invasions. The French say *argent* (silver). The Spanish say *danaro* because 'ubiquitous Roman language, ibi Roma'.

The learned Greek word 'numismatica' derives from the fact that money is not a product of nature but of custom, of social habits (*nómos* = custom). So says Aristotle, and we must always trust the authorities. The word *nómos* also had an older meaning: meadow, place where animals graze ('pastures'); then it took on the meaning of 'food' and finally less material meanings: custom, habit. All these meanings of the word are not mentioned by Aristotle in *Nicomachean Ethics*. Yet he was a thoughtful man.

I am not familiar with the morphological history of the Greek word prior to Aristotle, but for a clear understanding of economics, I find it a great pity that the Roman word *pecunia*, meaning a (fertile) sheep, did not continue to be used in its original meaning and that the world fell under the dominion of the golden calf, an artificial idol that has never produced anything but slaughter, fear and greed.

It may be that what I say seems childishly simple to learned professors and specialists; but I would have to respond that in 18 years of economic curiosity, I have found such ignorance of the simplest and most basic economic facts and relationships in *high places* that I feel compelled to begin by clarifying things that seem 'almost childish' or by referring to the most pedantic lexical passages, in order to avoid further trouble and confusion.

The traces of this ignorance are visible in the language itself, and a lack of logic and effective knowledge dominates today's world.

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<sup>3</sup> See illustrations in the author's previous article in phase 5-6 iel '<')37 of the *Rassegna monetaria*.

<sup>4</sup> See HERMANN FISCHER, *Schwabisches Wörterbuch*, Laupp'schen Buchhandlung, Tübingen 1911. Seven columns to illustrate this word; cf. *Schuld* = blame, with English *guilt*, not *gilt*.

It is similar to the word 'Gold' (gold), a root common to all Nordic languages. *Geld*, *gielðan* = to pay; *Geld*, division of territory for tax purposes, payment, service, society (confusion with *guild*); also sterile. *Geld* also means tribute.

day. As an example, and not as a joke, I remember a delegate at an international conference (a delegate from the USA) who had written a book in which he did not distinguish between a plough and a mortgage.

Another anecdote: since DOUGLAS stated that in the commercial system of the nineteenth century, production expressed in currency is created faster than purchasing power is distributed, the well-known Professor X 'refutes DOUGLAS' for his good students (the readers of a magazine for bankers) because, in his opinion, DOUGLAS neglected the element of 'rate of flow'. In reality, he quotes DOUGLAS while omitting the very words DOUGLAS devoted to that concept.

Is the widespread opinion that economics is not a science therefore justified? I prefer to admit that the learned Professor X is not a scientist in the sense that this word is used for scholars of chemistry and physics.

My generation was not educated in economics. I became interested in it in 1918 or 1919, when the British press was so silent about Douglas, and I began to question practical men.

One of the most 'memorable' hours of my life was the one I spent talking to GRIFFETHS, *founder* of Sinn Fein and promoter of Ireland's more or less achieved autarchy. We were in his room to escape the *detectives* who were infesting the hotel. It was the time of the 'armistice' when the Irish delegates were invited to London with a guarantee of immunity.

At one point, GRIFFETHS said: 'Everything you tell me is true. *But I can't move them with a cold thing like economics*', meaning that I cannot lift this people with something as cold as economics.

I learned a lot from that conversation.

Man's private life depends on money. Almost no one investigates its nature. Perhaps TROLLOPE was the first novelist to notice this truth. But one cannot write *contemporary moral history* while ignoring economic motivation. One either goes to the bottom of things or remains at the surface.

Nevertheless, the difficulties for anyone who wants to shed some light on the matter are enormous. The lack of understanding is enormous.

The economy is not a 'cold' thing. It is a hot, burning thing, like hunger and thirst. It gets under your skin. '*Quia pauper amavi*' (*Because you loved the poor*), laments Ovid.

Amateurs of good will, fanatics, those who have no experience of business, politics or administration, lend themselves to every attack.

McKenna's fear of everything that comes 'from outside', of everything that is *amateurish*, is almost justified. Or at least I understand such a man's aversion to us self-taught people, to anyone who is not trained in precision.

I have mentioned the mistakes of traditionalists. But among us, that is, among my reformist friends, mistakes are also frequent; mistakes made in good faith, arising from not being accustomed to the method, or from not understanding the mentality of readers, or simply from the fact that the 'terrain' is new.

In a well-established science, one could almost say that even the typographer could have avoided a childish mistake such as the one in my latest article: on page 395 (no. 5-6 of 1937). In fact, I do not claim that 12% of 12 billion is one billion, but that 12% of  $8\frac{1}{3}$  billion is one billion!

Another case: SWABEY, in a highly valuable and interesting article in *Criterion* on the position of the Anglican Church on usury, quoting a private and elliptical letter of mine, confuses those who issue money with those who lend it. *Criterion* being a quarterly, it takes three months to rectify the error. Instead of being authoritative, the article remains merely interesting. SWABEY's entire position is weakened as a result.

It gives an advantage to the 'enemies', but only in economics, among all the sciences, do 'enemies' exist in this sense.

The error should serve to clarify matters. Note, with regard to the material meaning of *nómos*, that Monte dei Paschi found and implemented the valid basis for credit in the early 17th century, namely:

- 1) the abundance of nature,
- 2) the responsibility of the whole people.

The Church and Catholic economists in the millennium between St. Ambrose and St. Antoninus of Florence highlighted other true relationships, considering interest as a component in the problem of fair pricing. In doing so, they avoided the fanaticism of those who wanted to abolish interest altogether.

The distinction between usury and participation was not new. Even in the books of Moses, a distinction was made between fruit and the corrosive, *neshek*, the snake that bites.

The state, or anyone who provides a measure for trade, works. Insofar as this measure is stable or varies in a systematic way that is clear to everyone, the state or the issuer of the currency deserves compensation. This is the ethical basis for the marks of Avigliano and GESELL or for *demurrage charges* on currency.

Without talking specifically about this or that economic process, I insist that for a clear understanding of economic truth in general, all these premises must be understood, related to each other and to their ethical bases.

In the past, even those who supplied metal discs had their own role to play, and after a thousand years of searching for the right compensation, the idea of 5% came to light.

But to say that those who do the calculations and keep sound accounts are not entitled to anything would be fanatical nonsense. On this issue, the British socialists, or some of them, are fighting Douglas precisely because he is seeking the right price for all services and goods.

It must be understood that the state, by issuing sound and valid currency, serves and is entitled to compensation, compensation that differs from any tax or duty. The difference between tax and participation is given at least by the 'nine fields' system of the ancient Chinese emperors (a subject that I should

discuss more extensively than is possible in this article). But it is a cardinal distinction for orthological and volitionist economics.

Are my sentences disordered? Do they seem confusing? It is perhaps natural that common opinions are confused: chaos has never been abolished by anyone. The Napoleonic Code did not abolish it.

After all, a new idea, or perhaps a science, arises from chaos. We must also consider not only the confusion that exists in public opinion, but also the conditions and circumstances in which those thousand or so people find themselves, who are more or less qualified and competent to collaborate in the formation of true knowledge.

W., for example, did not distinguish between a plough and a mortgage. Old X, who was an adviser to the Bank of England and simultaneously to the American Government, so much so that after his resignation it was whispered that both employed him more as an informant than as an adviser, sat in his private life on a rich sofa and confessed: 'Madam, I confess, I don't understand'.

Words that echo those of a brilliant young Cambridge professor: 'But they don't understand!'. He was talking about his colleagues in the economics faculty of that university and repeated in an increasingly stifled voice: '*But they do... not... know. They do not KNOW.*'

We are faced with a real misunderstanding. And we also have to fight our own flaws in method and stubbornness and our personal limitations of intelligence.

Let us get down to specifics. DOUGLAS was an engineer accustomed to making his *own blueprints* and presenting them to the relevant authorities. He said himself that he was not a party leader, that he could not lead a party.

After DOUGLAS' visit to the United States, Senator CUTTING wrote to me bitterly that he had given a reception in DOUGLAS' honour, inviting all the senators and deputies he believed capable of understanding his theories. '*DOUGLAS hadn't sold the idea.*' DOUGLAS, who was unfamiliar with American customs, had not 'exposed' his doctrines; in short, he had behaved like any modest European who goes to a reception and waits for others to ask him questions.

The list sent to me by CUTTING of senators capable of understanding economics is short, from a certain point of view, tragically short. It was divided into two groups: those competent to understand Social Credit, and those adhering to other 'heretical' doctrines but interested in economics. His list of MPs was even shorter, but he wrote that he naturally knew less about the members of the other House than those of the Senate. The death of this senator in a plane crash has certainly delayed monetary reform in my country.

But consider the position of another older senator who, speaking to CUTTING, said: '*I do not understand Douglasism, but if you want it, I will support you.*' Long live personal friendship! However, this attitude cannot exactly be described as scientific.

Another case is BRENTON, known privately as 'sickly dog', is a good accountant. He lives in an atmosphere of noble passion and exasperation. For ten years he has fought almost alone, calculating the percentages of 'A' and 'B' in Douglasist algebra.

He despises the world and almost all its inhabitants (I know of no exceptions). He is highly appreciated by the handful of well-disposed people who can make use of his calculations. But he went so far as to attack a book in his newspaper without having read it, simply because the publisher's announcement suggested that it dealt with other economic ideas.

Science is built calmly. Not that I want to deny the value of passion. Passion and exasperation often pave the way for new ideas, motivate and stimulate action, etc. But now it is a question of creating a science, an orthological and coherent economy.

In 1919, ORAGE complained that DOUGLAS 'could not write'. I did not understand these words. DOUGLAS's writings seemed very clear to me, and the second volume, to which ORAGE contributed, seemed inferior to the first.

But misunderstanding and incomprehensibility are certainly not simple and uniform. A non-specialist believes he understands where an expert sees a heap of ambiguities and where the amateur sees none at all. This is above all the cause that separates readers from writers. I am therefore not trying to rearrange these pages of mine.

Serious readers must realise for themselves

- 1) the difficulty of the subject matter and
- 2) of the difficulty of making oneself understood in this subject.

Understanding that is sabotaged by true opponents, monopolists, privileged individuals who do not want the light to shine. Do my opinions seem eccentric to you? Well, remember how before the Abyssinian war many Italians thought my opinion that the British press was lying was eccentric. For an American, this discovery may also be a rediscovery. JEFFERSON wrote to a close friend: *The English papers; their lies*'. Long live pitch darkness! In America today, you can buy the writings of LENIN, TROTSKY, MARX and STALIN in handy editions costing 10 and 25 pence (with print runs of 100,000 copies).

But the writings of the fathers of the republic cannot be bought: either they have never been printed or they are out of print. Yet from 1776 to 1860 the States United represented the most interesting The world's 'state experiment', and over the years interest has not waned. I happen to have 10 large volumes of JEFFERSON. T. S. Eliot's father was a Jeffersonian, and he gave a copy (a commemorative edition in 10 volumes, with a limited number of copies) to his son, who, not being very interested in it, passed it on to me. I have only seen John Adams' letters at the Bibliothèque Nationale in Paris, and I have been looking for them for years to buy them. VAN BUREN wrote his autobiography in 1861, but it was not printed until 1920, not because of the Machiavellianism of bankers, I believe, but rather because the night of ignorance was so thick that even professors and historians did not understand its importance.

The entire battle between the state and the banks fought in the United States from 1830 to 1840 and won by the state is ignored by almost everyone. None of this is mentioned in school textbooks. Our great presidents JOHN ADAMS, JACKSON and VAN BUREN do not come across well in these books. Only in recent years has there been an attempt to do some justice to ANDREW JOHNSON, who succeeded to the high office after LINCOLN's death.

The fruits of the battle of 1830-1840 were lost in the confusion of our civil war.

Our science does not arise in a vacuum. More than any other, it is confused and sabotaged by conscious and unconscious interests. Monopolists are not only the proponents of credit issuance. Those who occupy positions of power, once called chairs, do not tolerate being disturbed. Professor SCOTT NEARING was expelled. KITSON writes to me: 'Three professors who were the first to use my books in class were expelled from their positions'.

Industrial sabotage exists, inventors have always encountered difficulties; for example, the history of the automatic telephone is interesting in this regard. I am surprised that the TWEDDEL report in *Medical World* in January 1931 on the calcium treatment of pulmonary tuberculosis (*Calcium Treatment of Pulmonary Tuberculosis*) did not have a greater impact. But in all cases, with the exception of monetary issues, the interests are special. The saboteurs are small groups. Against true economic science, however, stand the most powerful monopolists, with the entire press controlled by large *trusts*, banks, etc.

And, on the other hand, there is the undecided populace. T. S. Eliot, an excellent judge of English psychology, writes to me: 'All this popular interest (in Douglasist reform and other economic problems) will disappear with the increase in wages due to rearmament and contingent activity'.

The curiosity of the masses in large democracies, even when it is aroused by some near miracle or by much suffering, is bound to fade away with 10 or 15 shillings a week.

Only a few scholars or great enthusiasts remain. And the latter make mistakes. They have the flaws associated with their status. They do not dare to say, 'I was wrong'. Sometimes it is difficult to convince them that they must say, 'I was wrong'. They have positions of authority, etc. Their authority depends on... etc.

A very high dignitary congratulates me on my versatility. I am not pleased. And I do not see the versatility. An epic poem is a poem that contains history. Those who do not understand economics do not understand history at all. Without getting to the bottom of the economic problem and the specific problem of currency, I would be doing something superficial and idiotic, not a serious poem. But the intellectual climate of our time rebels against this. It admires DANTE but rebels against the words: 'The troubles that Senna causes by falsifying the currency', where the Poet condemns a pre-Roosevelian devaluation. DANTE, dealing with ethical values, had to consider currency and the stater.

HOMER considers the problem of food, pig breeding, logistics and food for Ulysses and his sailors.

Bourgeois aesthetics not only want art to abandon design in favour of ornamentation, but also want poetry to be reduced to word games, to pure verbal ornamentation, 'splendour of phrase', etc.

We need to create a laboratory for economics, perhaps a cerebral laboratory, fully aware of the conditions that determine its functioning, as is done for chemistry and biology.

I say everything I think. The first time I wrote for this magazine, the editor, unaccustomed to my faults, did not let me correct the proofs, and I did not see the captions under the *clichés* of the paper money. For a numismatist, the first one should say: 'Front of a banknote issued according to the GESELL system by the Gesellist UNTERGUGGENBERGER'.

See last line of previous page (393). Original size 8 x 14 cm. The third reproduction, with the added words 'in stock' (not mine), raises a very important issue. Perhaps no one knows precisely where the line between issuing currency and issuing credit lies. Certainly my grandfather did not keep his wood under a roof.

The 'warehouse' was perhaps the forest or perhaps the piles of tree trunks that had already been cut down. Delivery was generally in the form of sawn planks. But I do not know where 'currency' in our sense ended and credit began, i.e. the complex of trust between workers and employer, the availability of virgin forest, etc.

Similarly, I have always maintained that at a certain point (the era of the 19 dollar), the lira was based on the word of the Duce. For me, this was a much safer basis than other people's gold. I am referring to gold that is tied up, manipulated by irresponsible people, conditioned under the influence of the R. or the star of the D.

There is no economist today who does not need to openly confess and examine and re-examine within himself the limits of his own ambiguity, the points where he is wrong, if not grossly as in W., at least always to a considerable extent, committing these small confusions and leaving areas covered in fog.

The guilty ones are those who do not want to know the facts.

Professor R., for example, who sent me three humorous postcards (purchased with a voucher from the French Chambers of Commerce, which has no value outside France) denying that a country can have one type of currency for domestic use and another for international trade.

Mr W., who had my letters excluded from a major London newspaper because I had privately called him a paid liar, and *gentlemen* do not speak that way. The same Mr W. then admitted in a private letter to me that the state can issue currency directly but that he did not approve of such a procedure.

No other science suffers as much as monetary science from the political opinions of those who write about and on such subjects. I say 'about and on' because I want to distinguish this activity from analysis, from

historical research, and the scientific activity of those who investigate the nature of money and the actual relationships between monetary science and good government.

The science of these relationships exists and can be developed.

Three centuries BC, Mencius recalls that a thousand years passed between King Shun and King Wan and that when their wisdom was put together it seemed like 'two parts of a seal' (in the original Chinese, this 'seal' was a *tally stick*, i.e. the two parts of those broken tablets that primitive people used for counting).

This article can be divided into three parts. The first summarises my previous article on the need for clear economic terminology that is accepted by the relevant authorities and therefore increasingly understandable not only to the general reader but also to specialists. The second deals with the definition of the overall problem and its inevitable and essential components. The third deals with understanding the climate of the environment and the circumstances in which economic science develops and spreads.

At least a few hundred people need to stop taking sides for or against and support each other with a little understanding. I do not want my definitions to be debated, but rather I would like practical and positive suggestions. How can we better define currency, credit, etc.? Are there or are there not other fundamental components of the problem beyond matter, labour, transport and the monetary instrument, all four governed by righteousness, by *directio voluntatis*?

EZRA POUND

*Ezra Pound*

*ORTHOLOGICAL*

*ECONOMICS*

*from: 'Rassegna monetaria', XXXIV, 1937, 1101-1106*

ETHICAL BASES

Without clear terminology, without a proper definition of CURRENCY, it is impossible to express even the most rudimentary economic idea. Without defining the central problem of economics, it is impossible to construct a science.

This problem is nothing more than that of feeding and providing a good life for an entire people, just as a good housewife feeds and provides a good life for her family, that is, using existing means and making up for deficiencies.

The enemy, that is, all opposing forces, is stigmatised by Saint Ambrose in a single sentence:

*Captans anonom maledictus in plebe sit.*

Everything that is anti-economic resolves itself into monopoly in one form or another. Like the enemy, it thrives on the anxieties and misfortunes of others.

In any society that has overcome the savage state, the fundamental monopoly is the monopoly of money. All the scandals, all the widely circulated books such as those by Zischka: *The War for Oil, The Life of Zaharoff*, etc., show the various aspects of the real evil: the monopolistic control of purchasing power.

By understanding the nature of money and seeking the truth, certain ethical concepts can be clarified and defined. I repeat: from Saint Ambrose to Saint Antoninus of Florence, a fair and concrete way of thinking evolved. In their search for justice, they ended up considering interest as a component of fair pricing, thus avoiding exaggerations.

The valid foundations of credit are: the abundance of nature and the responsibility of the whole people. (See previous article in *"Rassegna Monetaria"* nos. 7-8, 1937).

In human relationships, there are certain permanent elements, hence Confucius's statement that 'in this way, the events of a hundred generations can be known'.

Just as in physics a fire of a certain size can boil water in a pot of a certain size, so in human relationships, causes produce predictable effects.

Interest beyond what is fair is corrosive (the biblical word is *neschek*). DEXTER KIMBALL lists the failures of American railways in certain eras. How many bond coupons have remained unpaid! Good and valid currency cannot be issued in exchange for distant lands or crops that cannot be transported.

I believe that pure dynamism should be separated from ethical distinctions, but ultimately injustice is only profitable for a limited time.

DOUGLAS, without seeking precedents but seeking the right price, has joined forces with the canonist economy.

GESELL starts from another fundamental perception, namely the relative duration of different types of goods. Services, i.e. work that is not done today cannot be done tomorrow, in the sense that Caio and Sempronio can only do their work on Saturday and not on Monday. Work is current and immediate. Work done on the following Monday becomes Monday's work. Therefore, work passes more quickly than goods and is renewed.

Salad, potatoes and marble have different lifespans.

A title to a perishable and deteriorating commodity cannot last in a certain sense without offending justice and disrupting the economic system. I say 'in a certain sense' because it is very difficult for me to express myself on this point in Italian.

The title can remain valid if the goods are renewed: that is, if a new kilo of potatoes is produced to replace the one eaten, the title can also serve to stimulate production.

Woe betide those who seek to establish a static economy based on a fixed and immobile quantity rather than on '*rates of flow*'. Perhaps no one does so consciously, but they fall into error because they do not have a clear image in their minds of movement, of varying speeds or slowness.

Having a precise awareness of this concept is the value of P. J.M. LARRAÑAGA (among his other books: '*Gold, glut and government*'), a wanderer, road engineer and vagabond accustomed to seeing concrete facts and knowing the variable nature of men.

GESELL's economic theory is set out in his *Natural Order of the Economy*. His entire doctrine derives from a correct definition of money. Money is not valid if it is a claim on something that cannot be delivered. And in order to balance purchasing power with available goods (plus services), claims must disappear with consumption, or some means must be found to maintain the total amount of money available in an *efficient* ratio to the total amount of goods and services available.

Even distinguished people make a great deal of confusion between the *total* purchasing power of a people and the purchasing power of the monetary unit.

The highly skilled politician F. ROOSEVELT was quick to denounce the serious drawback that half of the American people could not buy what the other half produced. The 'problem' is that he does not want to break away from many 'friends' first, and that *the entire American people* cannot

buy what the entire American people produce. DOUGLAS fully understands this point.

The details of economic policy in a country where abundance causes hunger cannot be anything other than very different from those in a country where the government's primary concern is (rightly) to remedy deficiencies so as not to be caught off guard.

But the problem remains: how to match the purchasing power of the entire population to the total goods (services) available.

The distinction between goods and services was made by the Duce in such a way that no Latin person should ever forget it. Mussolini 'bristles' when he is told that labour is a commodity.

There is a dynamic basis to this concept. Labour exists as potential and is renewed every morning. Badoglio gets to the heart of the whole orthological and just economy with the phrase: 'Our gold is the will and the arms of our soldiers'.

Against this complex of services, a means of exchange that is effectively in circulation is needed, I believe in a fixed quantity. In this field, it would be possible to move forward with the old-style currency or with a determined and relatively static quantity of government notes.

I am not saying that the total amount of currency can remain static, but that the part corresponding to services could perhaps represent a fixed quantity in our eventual algebra.

But the issue must be re-examined to determine whether absolute fixity would be more effective for the public good than a wise variation.

GESELL focused on the concept of circulation and put in place the means to prevent stagnation. Blood circulates in the veins.

Goods are created and disappear, they are consumed. Great monumental works cannot be eaten.

People do not eat roads. I am not saying that GESELL's system (*Schwundgeld*) is indispensable, but I do declare that anyone who does not understand *why* will never be a true economist. GESELL calculated or found a crude means of wasting and consuming a proportion of purchasing power *in line* with the consumption of food, the deterioration of clothing, and the combustion of coal and oil.

I suppose that the wisest bankers (if there are any wise bankers nowadays) will argue that their 'system' allows for expansion and deflation in relation to these phenomena, but it has never been discovered that these operations are carried out for the good of the public.

According to them, it is necessary to stimulate, even exploit, etc.

*Ethics* arises only from clearly seeing the differences between acts and motives.

The true philosopher does not 'fall' into abstractions.

Herein lies the superiority of Confucius and Mencius over the Greeks. The Roman Senate perhaps had a crude common sense: it did not fall into Greek fragmentation when it banished certain 'philosophers'. Confucius never detaches himself from

total nature. Socrates waged a kind of war: intelligence *against* the totality of life.

I will write other essays on this subject outside the economic field, but I must point out a necessity. I support reform not only in the economy but in the entire Western intellectual and university field. In other words, I would like to see a comparison between Chinese philosophical terminology, that of the great Latin and medieval tradition, and that of the Greeks. For now, suffice it to say that the true philosopher never detaches himself from the concrete, never avoids seeing his principle in action and illustrated by a concrete fact.

Incidentally, the errors of Marxist materialism are much more evident in the results than in the pages of Marx, where his noble indignation clouds the reader's mind, e.g. in Chapter X of *Das Kapital*, where Marx is a pure historian when he protests against the excessive length of the working day.

*Ethics* largely consists in not confusing things of different kinds, in not using such ill-defined categories that the mortgage and the plough come together in the same category.

Without a strong moral conscience, bankers today find themselves unaware of everything that does not reach their counters. 'Orthodox' economics has remained a description of certain accounting procedures, a set of superstitions.

Fanatics, people who lack a sense of humour, exasperate me. PERKINS (Secretary of Labour) has become a curse for my country because she does not understand that man has never eaten *work*. You don't put a slice of work between two slices of bread to make dinner. Buildings are not food.

I remain indifferent to words until two substances of different natures are confused under a verbal cover.

MARX may have seen a distinction between property and capital, but the world does not yet know this.

I leave the choice of terms to my Italian readers, but economics needs two words that allow us to distinguish without the slightest possibility of error between the category that contains the chair I sit on, my bed, my table, my clothes, on the one hand, let's say, my property that I must preserve or ruin, at my discretion without harming others, and on the other hand, the category that contains my Pennsylvania Railroad stock, for which a group of men must provide me with £50 a year.

It seems to me that it would be useful to call this title *capital* and to reserve the word *property* for things that have more substance.

The term '*finance capital*' is increasingly used in English.

In any case, *science* needs symbols, in numbers equal to the different categories to be indicated.

'*Kulak capital*' and '*finance capital*' indicate different types of wealth in WYNDHAM LEWIS's latest satirical work.

But if we leaf through a school textbook, we must first choose and define two words in this field. *Kulak capital* means, in my personal language, *property*.

The ethics of terminology consist in not being ambiguous.

Since the time of Cromwell, Europe has been ill because of the vagueness of the second term.

The sword defends the furrow from other swords. The sword does not defend the furrow from wear and tear. DANTE knew this well (think of Geryon).

Only a great misunderstanding of the nature of money would have allowed NAPOLEON to find money in London to arm himself against England. This process seems to me to be against the economy, against *the oikos*.

DOUGLAS is less wrong than the others because he is driven by a thirst for justice. His fundamental definition of sound primitive money is '*The man that issued the money had the goods*' (i.e. livestock).

Underneath every piece of economic common sense lies a solid ethical foundation, a clear concept of relationships, and a clear dissociation of things of a different nature.

If we go back a little, we find treatises on economics that are easy to understand. HUGH CHAMBERLEN, writing in 1696, clearly conveyed his concept when discussing '*Hands and Lands*'. It was only with the triumph of usury in the nineteenth century that economic terminology became universally confusing.

BERKELEY is quite clear when he calls a banknote money (*money, a ticket*).

DOUGLAS, discovering the cause of the global lack of monopoly power, concentrated not in the hands of a benevolent government but in the hands of others.

GESELL, seeing that gold lasts and goods do not, wanted a currency that would adapt almost automatically to the disappearance of goods. These are ethical actions. I do not insist on freebies. I can live well without the pleasure of using a second variety of postage stamps.

I do not believe that the cancellation, by stamping, of postage stamps after they have served their purpose is a mystery to the public. But the economic scientists who understand why postage stamps are cancelled must understand why GESELL and Avigliano give away stamps.

If cancellation is not done in one way, it must be done in another. The public as a whole must be able to buy its own global product.

What about reserves? What about prudence? *The French farmer's bas de laine* is not a new concept. The Italian people's gold rings have worked.

To suppose that such a reserve, even if only on paper, will ruin a people is absurd.

The safest place for that reserve, *'The safest place for the reserve of purchasing power'*, was designated by a rough-and-ready father of the American Republic as *'in the pockets of the people'*.

I am not saying that this is the only storehouse, but it is a storehouse that cannot be overlooked, and in no way can it prevent or hinder the existence of other reserves.

Beyond these few ethical clarifications, I doubt that there are many others in economics. MARX saw that 'value arises from labour', but he did not see that an enormous amount of labour had ALREADY been accomplished by our ancestors, the inventors of mechanical processes.

DOUGLAS demolished Marxism with this perception, just as GESELL demolished it by pointing out that 'Marx never asked: what is money?'. But both acted in the realm of intellect, almost without entering into actual action.

But the principle of evil, the Satan of the pre-Fascist, pre-Douglasist, pre-Gesellist system, the father of lies, is the creator of artificial scarcity.

*Captans anonam maledictus in Plebe sit.*

EZRA POUND

*Ezra Pound*

*ORTHOLOGICAL  
ECONOMICS: SOME  
INTUITIONS*

*from: 'Rassegna Monetaria', XXXVII, 1940, 278-281*

In a clear and admirable article in *the Rivista del Lavoro* on 31 August of the year XV, ODON POR translates a passage from *the Financial News* that deserves closer examination. In a certain sense, the *Financial News* may justify the opinion that in the Province of Alberta, with Aberhart's victory, 'for the first time an electorate has voted in favour of a fundamental reform of the monetary system'. However, this statement should not be accepted without taking into account the historical perspective, with specific reference to the battles between the state and bankers fought in the United States from 1830 to 1840, under the leadership of JACKSON and VAN BUREN.

These glorious years of my country have been erased from school textbooks, but the electorate in that decade showed without any ambiguity its desire for a fair and honest monetary and financial system. Of course, the British today are unaware of this, just as they are unaware of the history of Tuscany during the reigns of Grand Dukes Leopold II and Ferdinand III. Even in Italy, it seems to me that there are still professors and specialists who see Leopold's reforms as merely a 'glorious' prelude to nineteenth-century liberalism, without considering that Leopold's son, with the same advisers as his father, with the proponents of the same reforms and the same experiments, was already beginning to correct the excesses and move towards a controlled economy before this enlightened attempt sank into the Napoleonic tragedy. I say *tragedy* because it ended with the victory of the rabble, of the usurers' mafia, after Waterloo, which from then on gradually overshadowed the entire century.

Regarding the significance of these struggles, in 1866, seeing the danger of what remained of VAN BUREN's thinking in ABRAHAM LINCOLN's mind, he printed the following paragraph: 'If the aberrant financial policy adopted in the North American Republic during the last internal war becomes stable, that government will obtain money without expense to pay its debt and will remain free from any burden of a similar nature, will possess everything it needs to manage its trade and will enjoy a prosperity unprecedented in the history of civilised governments in the world. The intelligence and assets of all other countries

will emigrate to North America. Such a *government* will destroy every other in the world." Of course, the *Times* is lying. The *Times* has always been a hotbed of lies: it often tells the truth, with the intention of lying later with greater effect, through the reporting and commentary of unimportant facts, in order to conceal those that are useful to the state and the people. This is the permanent way of all the press controlled by usurers; superficial variations are due solely to differences of opinion on the most effective way to lie. The system of government *to be destroyed* 'did not threaten the states, it actually threatened only the usurers, and for this reason it had to be destroyed.

Today, the battle that took place in Alberta is of global interest, not as a dramatic demonstration of certain well-known truths of DOUGLAS' ideas, but as crucial evidence, as proof of the existence or otherwise of Anglo-Saxon genius and the much-vaunted political sense of the Anglo-Saxons and the possibility that their so-called democratic institutions can carry out any reform useful to the nation.

England has always lagged behind Latin civilisation, sometimes by a century or more. Economic truth has been achieved several times, and several times it has been buried or thrown back into the well.

I have already said in a previous article in this magazine that it is very difficult to reprint the fascinating theories of our American founders in America. Instead, publications that teach dead ends abound. In my *Jefferson and or Mussolini*, published thanks to the courage of STANLEY NOTT in England and Liveright Inc. in New York, I was able to publish six pages by JEFFERSON, after fierce resistance from other publishers. Among the passages quoted in these pages is one, written in Crawford in 1816, which says '*...and if the national bills issued be bottomed (as is indispensable) on pledges of specific taxes for their redemption within certain moderate epochs, and be of proper denominations for circulation, no interest on them would be necessary or just, because they would answer to every one for the purposes of the metallic money withdrawn and replaced by them*'..

[*'If the national bills issued were based (as is indispensable) on pledges of specific taxes for their conversion within certain moderate periods and be of proper denominations for circulation, no interest on them would be necessary or just, because they would answer to every one for the purposes of the metallic money withdrawn and replaced by them.*"]

Herein lies the 'method', the 'aberrant course of action' that would terrify the owners of *The Times* 50 years later, the means by which the state could have

"Money for nothing," meaning that one could have money without paying rent or tribute to the great moneylenders, above and beyond the material value represented by the paper; that is, the wealth produced by the people and the services they rendered in order to live.

After a century of putrid corruption, this perception of JEFFERSON is embodied not in the United States but in Italy (and I believe this happens without any reference to JEFFERSON), in the banking reform that began during the conquest of Abyssinia, and is evident in various speeches

by S. E. ROSSONI, especially one in the Senate in which he spoke about stockpiles and the possibility of changing the method of taxation. Rossoni envisages the equivalent of JEFFERSON's 'specific taxes' in the levies on stockpiled products.

I am uncertain whether a *'Monetary Review'* is the appropriate place for eclectic historical accounts. Many passages by JEFFERSON and VAN BUREN would serve to illustrate their characters, increase knowledge of the struggle between the people and the bankers, and bear witness to the practical common sense of some of the founding fathers of my country. But, leaving the others aside, let us quote the following paragraph, which is strictly monetary. In 1813, JEFFERSON wrote to EPPES that a nation must be the owner of its paper money and not entrust its management to private banks. He wrote: *'Insured bills bearing no interest never depreciated a single farthing'*.

Against banking tricks (which raised the real interest rate on money to 60% (see O. POR in *the Rivista del lavoro* of 31 August 1937), JEFFERSON wrote: 'No one has a natural right to be a money lender except those who possess the money to lend'. Of course, the usurious press presented the world with a caricature of JEFFERSON.

On 11 September of the same year (1813), he also wrote: 'If the United States possessed, as it ought to possess, its own circulating medium, it could repay everything it borrowed, dollar for dollar, in annual payments; but the usurpation of that fund, accomplished by bank notes, forces it to borrow at 7 1/2 and repay TWO dollars for one'. He even quoted ADAM SMITH, arguing that he recommended paper currency ONLY on condition that it was regulated.

These 'ten annual payments' are a rough equivalent of GESELL's eight years and four months, because JEFFERSON did not foresee the Gesell mechanism. JEFFERSON was a practical man, not a dreamer; his monetary ideas were necessarily adapted to the pressures and ignorance of the times, but I believe that this ignorance in governing circles was less dense than it is today. He clearly saw the usefulness of banks, which gave ubiquity to purchasing power. But this usefulness can be paid for at too high a price; it can be paid for, and has in fact been paid for over two centuries, at ten times the right price, so to speak.

GALLATIN could be called the Dr SCHACHT of his time, if one were inclined to make such historical parallels, which are always imprecise and should not be taken as a clear expression of relationships and facts.

EZRA POUND

NOTE. - To facilitate contact with readers, since these articles are written to promote mutual understanding of the sound ideas we advocate, our efforts help us understand how much JEFFERSON suffered because of his idiotic disciples and how much DOUGLAS and GESELL suffer today. The inadequate preparation of their followers prevents the

the spread of good doctrines. For example: in the 'Social Credit' of 24 September 1937, a certain DESBOROUGH shows himself to be extremely ignorant by accusing FRANCO of legislating *for an economy based on the scarcity* of goods. This is completely unfair. FRANCO's decree, when examined, is in perfect agreement with DOUGLAS's aims. Fascism aims at an economy of abundance, and the derivatives of Italian Fascism in other countries follow it in this intention. The monopoly of currency for private purposes, tending to starve the people, is in absolute contradiction with all Fascist measures, with all Mussolini's policies from the beginning of the Fascist Era to the present day, but especially in contradiction with the speech in Milan on 6 October of the year XII, and with all the policies of land reclamation and stockpiling. Mr DESBOROUGH simply knows nothing about Italy and does not understand Douglasism sufficiently to be able to understand who opposes and who agrees with the brilliant ideas of Engineer DOUGLAS. DOUGLAS's *political tastes and orientations, as well as his habits, remain personal but do not invalidate his economic science.*

Like me, DOUGLAS finds it highly improbable that the English people, or any other Anglo-Saxon people, could become Latin in a week or in twenty years. I do not believe that either the English people or the people of the United States are capable of Latin order, discipline and clarity. It is useless to seek in those countries a love of the idea for its own sake. *"Ils n'aiment pas les situations nettes"* (They don't like clear-cut situations). An elephant does not walk on railway tracks. It must arrive in its own way or not at all: it is pointless to offer it tracks to speed up its journey.

**BERSERKER**

**BOOKS**

