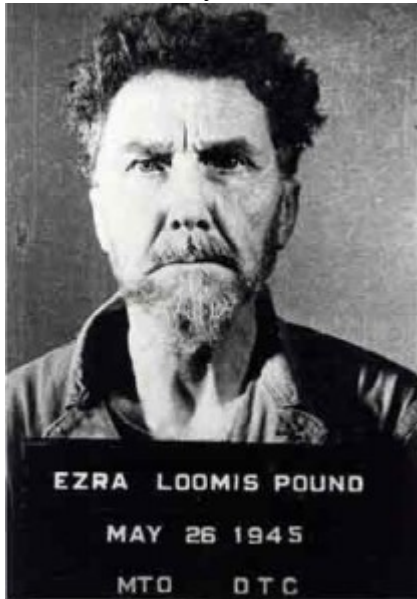


Ezra Pound on Money

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We're never far from money. We spend most of our time and energy in quest of money.

But how did this thing become an intermediary between us and the world around us? Before money, we bartered. Why did money supplant barter and who is custodian of the money system?

These questions are dangerous: they cost Ezra Pound twelve years. Pound was a victim of political persecution at the behest of financiers and their minions like Franklin Delano Roosevelt. These people feared Ezra because he asked "what is money for," and came up with an inconvenient answer.

Pound understood that money is ticket for exchange. People who make things can trade more easily with other people who make things using money. There should only be as much money as there are things to trade. Another way of saying this is: money supply should increase and decrease along with the change in economic output.

Here's the rub. If money supply grows faster than the amount of things made, then theft is taking place. The thief creates extraneous dollars and spends them first: at the time when the rest of us expect a dollar to be worth a certain amount. By the time the thief's dollars have been absorbed into the economy, we notice our dollars are buying less. This is inflation. The thief has dipped into our savings and traded with shoddy bills.

What happens when money supply shrinks compared to things made? Then a new characteristic of money emerges. Things made don't always last — take bread for instance. A baker must sell his bread in a matter of days, otherwise it's lost. Money isn't bound by such considerations. A thief can hoard money until the baker's goods rot, then buy his bakery at a huge discount.

The “thief” in both these examples holds a special place in society: he controls the supply of money and “future money” called credit. Controlling money supply is economic power; it is a sovereign privilege. The people who really control a nation control its money supply. [1]

Pound’s criticism of the financial class was that they were bad sovereigns. They managed money supply for their own benefit: they were thieves. In contrast, the Founding Fathers were good rulers because they designed a system where Congress managed the money supply; and Congress was answerable to a large swathe of the population.

Pound identified the grasping, vampire-like nature of international finance, and the venal nature of its supporters in national governments.[2] He was interested in finding ways to systematically limit their power: perfecting what the Founding Fathers started in Article 1 Section 8 of the Constitution. This is why Pound studied in the work of Silvio Gesell.

One of Gesell’s ideas was to eliminate the disparity between money and perishable goods. A way to do this is to discount large bills over time: holders of large bills would need to get them stamped every month, each stamp representing a decrease in their value. This way, hoarders bear the cost of their behavior and investment is encouraged. Small denominations would not be discounted.

Gesell recognized that the economy is like a body and money is like its blood. If blood builds up systematically in any one place, a disease results. His discounted script discouraged people from taking advantage of others’ simple lack of cash. (Note: this is very different than being forced to lend to people who aren’t creditworthy.) Saving in the form of investment was systematically encouraged.

Pound notes that Gesell’s system worked imperfectly in Alberta, Canada mostly due to planning errors that could easily be fixed. The system worked very well in the Austrian village of Wörgl, and it was promptly closed down by mainstream financial interests.

These financial interests were trying to preserve their privilege: they benefited from the increasing productivity of the societies they milked. Pound didn’t see how being born into a banking family; or buying the latest politician; should give them the right to those benefits. Ezra liked the ideas of Major Clifford Douglas: the people who worked should accrue those benefits. This is the essence of Social Credit.

The text of the 1933 version of Major Douglas’ book *Social Credit*, can be found [here](#). Pound appreciated Maj. Douglas’ ideas, but thought they needed further exploration. What Pound really felt passionate about was fixing the money problem. Ezra wrote during the Great Depression when, much like now, people were captivated by the supposed security of gold.

Pound was never an advocate of gold-backed money. He understood how easily such systems can be subverted by controlling the supply or the clearing market for the backing commodity. Much of Britain’s power during the 19th century came from the fact that London was the clearing market for gold; and other nations used a gold-standard currency. They had to go to England to manage their money!

In Ezra’s words:

The trick is simple. Whenever the Rothschild and other gents in the gold business have gold to sell, they raise the price. The public is fooled by propagandizing the

devaluation of the dollar, or other monetary unit according to the country chosen to be victimized. The argument is that the high price of the monetary unit is injurious to the nation's commerce.

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

Preventing nations from being "diddled" is why Pound supported Fascism in Italy. He saw Fascism as the only system available to the Italians that was likely to deal with the threat from international finance. Mussolini's Fascism let Italy be ruled in an Italian fashion — and until Anglo-American banking interests were threatened, things worked better in Italy than they had in a long time.

Pound never supported Fascism in America. We have our Constitution, which describes a government for Americans run in the American fashion. If it ain't broke, don't fix it. Pound realized that America's challenge was implementing the laws we already have. Read Jefferson and/or Mussolini for his whole argument. [3]

Ezra was a true economic historian. He explained his analysis in the following way:

"The definition of an idea, as observed by someone who understands the events of the day, may shed more light on the historical process than many volumes."

"History, as seen by a Monetary Economist, is a continuous struggle between producers and non-producers, and those who try to make a living by inserting a false system of book-keeping between the producers and their just recompense."

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

Pound's analysis identified the canker in American life: the cooperation between government and finance to defraud the public — the "monetary monopoly." Monopolies don't exist without tacit government approval. Beneficiaries of the financial monopoly have collaborated with venal officials against producers for a long time. The history of the largest American fortunes, since the Civil War at least, have followed this trend.

Historically, banking was begun by families as private businesses. As these businesses grew and issued receipts for gold and silver deposits, they gradually developed "fractional reserve" banking by issuing more notes than they had gold on deposit. Although kings would mint coins of gold and silver they owned at their royal mints, fractional reserve banking was a dangerous business, and Kings did not want to gamble with their sovereign power by going into that business. Rather, kings and especially parliaments, became dependent upon these fractional reserve bankers for loans, and would grant monopoly charters to a group of private bankers to create a national or central bank which would then have the power to regulate the size of the money stock through its fractional reserve activities, as it collected taxes, issued the national paper currency and sold sovereign debt on behalf of the government.

These national or central banks conferred significant advantages on the private banks that organized and owned them. Private banks were allowed to borrow at the discount window at special rates provided that they posted reserves with the central bank. Of course, the real advantage of the central bank for its owners and organizers was inside information. During the years of the gold standard, having a seat on the board of a central bank meant that the insider would know when emergency borrowings ticked up, telegraphing the probable start of a bank crisis and stock market crash. In the case of war, it was an easy task for a private bank with seats in several different national banks to calculate the deposits and income of the contesting states and the loans they secured to raise their armies, thus allowing the privileged few to bet on the probable winner.

The gold standard was popular among bankers for the simple reason that the supply of gold increased irregularly but on average more slowly than the increase in population, meaning that the value of loans would gradually increase over time as would the burden of repayment. Debtors resented the power of gold, hence William Jennings Bryan's political appeal and his famous "Cross of Gold" speech. Coincidentally the gold standard was finally abandoned in 1971, six years after the birth control pill descended upon the civilized world.

Pound recognized two very important threats to the international banking community that arose out of the Third Reich. First, Hitler abandoned the gold standard, meaning that Nazi Germany suddenly had the power to prevent defaulting on its future debt simply by printing money — a power that the U.S. copied from Germany just as it copied the autobahns. Second, and much more important, the Reich took back the power of central banks by financing infrastructure projects directly, issuing notes in payment to the laborers, contractors, and suppliers rather than first borrowing the money from a central bank at interest. (See [here](#) and [here](#).) If this practice had spread, bankers would be no more powerful than plumbers.

Furthermore, as long as the supply of this newly printed money in the form of notes matched the increase in GNP and future productivity from these new highways, rails, and factories, the printing of money would not necessarily produce inflation. The Reich also issued debt directly to German citizens and businesses to finance Hitler's economic miracle, but the central banks lost control over the money supply and lost the ability to trigger banking panics and depressions inside the Reich. It was a mortal threat, and it had to be stopped. Pound was right.

Hitler's experiment in freedom from banking was broken, and the finance/government partnership was preserved at the cost of millions of lives in World War II.

This finance/government collaboration explains the American elites' love affair with international socialism. They don't know how to make money any other way. Competition is a sin. Government organized monopolies are profitable when you control the government. If there are no national restrictions on moving profits around, they can hide their loot offshore. The perfect crime.

Pound recommended the writings of John Adams, Thomas Jefferson and Martin Van Buren[4] for a practical explanation of how the young Republic wrested itself from London finance. He recommended Classical study (Aristotle's Politics and the works of Demosthenes) for understanding the tricks financiers use. Nationally-controlled money was popular politics until the Civil War; when Pound notes a collective amnesia took the mind of the American public. Tragedy and forgetfulness. This is also the time when Lincoln let the bankers back in with the National Banking Act.

Ezra didn't revel in victimhood. The "monetary monopoly" was made possible by voters' laziness. In his ABC of Economics, Pound castigates the American public for letting its money fall into the hands of enemies and irresponsible men. Americans circa 1930 were ignorant about money and banking; the situation now is even worse. It is a national tragedy that we have been lazy enough to let Congress sell its responsibilities; and let hostile elites control our credit.

The way to fix the situation is to dissolve the Federal Reserve; force Congress to manage money supply as described in the Constitution; and vote the venal or incompetent out of office. The revolutionary patriots gave us the tools; we need to step up to the plate and use them.

Our amnesia and laziness have had a lot of help. Pound pointed out that hostile elites were overrepresented in academia and the media — a situation which has worsened with time. Now we are reaping the harvest: schools devoid of the Classics; universities teaching castrated Economics; and Gloria Vanderbilt's boy on TV. Ezra saw it coming, and he told us how to fix it.

Notes

[1] Pound's repeated recommendation of Christopher Hollis' work *The Two Nations* is based on the book's excellent explanation of British economic power over the centuries.

[2] "Ezra Pound Speaking": Radio Speeches of World War II. Edited by Leonard W. Doob. Greenwood Press, 1978.

[3] Pound recommended the correspondence between John Adams and Thomas Jefferson and the writings of Van Buren for the economic history of the United States.

Pound's Pamphlets on Money are excellent; the first "An Introduction to the Economic Nature of the United States" and "A Visiting Card" are particularly useful. (Published by Peter Russell, London. 1950.)

[4] *The Works of John Adams: Second President of the United States: with A Life of the Author*, notes and illustrations, by his Grandson, Charles Francis Adams. Little, Brown and Co. Boston 1850–56.

The Writings of Thomas Jefferson, Memorial Edition, XX Volumes, Washington, 1903-04.

The Autobiography of Martin Van Buren, written in 1854 and remaining in manuscript until its publication as Vol. II of the "Annual Report of the American Historical Association for the year 1918," Government Printing Office, Washington 1920.

Pound also recommends *Jefferson and Hamilton* by Claude G. Bower.