

## What is Money For?

Ezra Pound

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We will never see an end of ructions, we will never have a sane and steady administration until we gain an absolutely clear conception of money. I mean an absolutely not an approximately clear conception.

I can, if you like, go back to paper money issued in China in or about A.D. 840, but we are concerned with the vagaries of the Western World. FIRST, Paterson, the founder of the Bank of England, told his shareholders that they would profit because “the bank hath profit on the interest of all the moneys which it creates out of nothing.” What then is this “money” the banker can create out of nothing?”

Let us be quite clear. Money is a measured title or claim. That is its basic difference from unmeasured claims, such as a man’s right to take all you’ve got under war-time requisition, or as an invader or thief just taking it all. Money is a measure which the taker hands over when he acquires the goods he takes. And no further formality need occur during the transfer, though sometimes a receipt is given. The idea of justice inheres in ideas of measure, and money is a measure of value.

### MEANS OF EXCHANGE

Money is valid when people recognise it as a claim and hand over goods or do work up to the value printed on the face of the ticket, whether it is made of metal or paper. Money is a general sort of ticket which is its only difference from a railway or theatre ticket. If this statement seems childish let the reader think for a moment about different kinds of tickets.

A railway ticket is a measured ticket. A ticket from London to Brighton differs from one for London to Edinburgh. Both are measured, but in miles that always stay the same length. A money ticket, under a corrupt system, wobbles. For a long time the public has trusted people whose measure was shifty.

Another angle. Theatre tickets are timed. You would probably not accept a ticket for Row H, Seat 27, if it were not dated. When six people are entitled to the same seat at the same time the tickets are not particularly good. (Orage asked; Would you call it inflation to print tickets for every seat in the house?) You will hear money called “a medium of exchange,” which means that it can circulate freely, as a measure of goods and services against one another, from hand to hand.

### GUARANTEE OF FUTURE EXCHANGE

We will have defined money properly when we have stated what it is in words that cannot be applied to anything else and when there is nothing about the essential nature of money that is omitted from our definition.

When Aristotle calls money “a guarantee of future exchange” that merely means that it is an undated ticket, that will be good when we want to use it. Tickets have sometimes stayed good for a century. When we do not hand over money at once for goods or services received we are said to have “credit”. The “credit” is the other man’s belief that we can and will some time hand over the money or something measured by money.

Most men have been so intent on the individual piece of money, as a measure, that they have forgotten its purpose, and they have got into inextricable muddles and confusions regarding the total amount of money in a country. A perfectly good hammer is useless to pick your teeth with. If you don’t know what money is FOR, you will get into a muddle when using it, and still more will a government get into a mess in its “monetary policy”.

Statally speaking, that is from the point of view of a man or party that wants to govern justly, a piece of money is a ticket, the country's money is a mass of tickets for getting the country's food and goods justly distributed. The job for a man today who is trying to write a pamphlet on money is not to say something new, it is not to think up something or prove a theory, it is SIMPLY to make a clear statement about things that have been known for 200, and often for 2,000 years. You have got to know what money is FOR.

## **PURPOSE OF MONEY**

If you think it is a mantrap or a means of bleeding the public, you will admire the banking system as run by the Rothschilds and international bankers. If you think it is a means of sweating profits out of the public, you will admire the stock exchange. Hence ultimately for the sake of keeping your ideas in order you will need a few principles.

THE AIM of a sane and decent economic system is to fix things so that decent people can eat, have clothes and houses up to the limit of available goods.

## **THE VALUE OF MONEY**

Take money in such a system as a means of exchange, and then realise that to be a just means of exchange it must be measured.

What are you going to use to measure the value of anything? An egg is an egg. You can eat it (until it goes bad). Eggs are not all the same size, but they might serve among primitive people as an approximate measure.\*

Unterguggenberger, the Austrian monetary reformer, used WORK as a measure, "Arbeitswert," 10 schillings' worth of work. That was O.K. in a mountain valley where everyone could do pretty much the same kind of work in the fields. Charlemagne had a grain measure, so many pecks of barley, wheat or rye worth a DENAR, or put it the other way on. The just price of barley was so much the peck.

In 796 A.D. it was 2 denars. And in 808 A.D. it was 3 denars. That means that the farmer got more denars for the Same quantity of barley. And let us hope he could buy more other goods with those denars. Unfortunately the worth of all things depends on whether there is a real scarcity, enough or more than can be used at a given time. A few eggs are worth a great deal to a hungry man on a raft. Wheat is worth MORE in terms of serge in some seasons than in others. So is gold, so is platinum. A single commodity (even gold) base for money is not satisfactory.

STATE AUTHORITY behind the printed note Is the best means of establishing a JUST and HONEST currency. The Chinese grasped that over 1,000 years ago, as we can see from the Tang STATE (not Bank) NOTE. SOVEREIGNTY inheres in the right to ISSUE money (tickets) and to determine the value thereof.

American interests HIDE the most vital clause in our\*\* constitution. The American government hasn't, they say, the right to fix prices. BUT IT HAS THE RIGHT TO DETERMINE THE VALUE OF MONEY and this right is vested in Congress.

This is a mere difference in legal formalities and verbal arrangements. The U.S. Government has the right to say "a dollar is one wheat-bushel thick, it is one serge-foot long, it is ten gallons of petrol wide." Hence the U.S. Government could establish the JUST PRICE, and a just price system.

## **THE JUST PRICE**

Out of barter grew the canonist doctrine of the just price, and a thousands years' thought from St. Ambrose to St. Antonino of Florence, as to HOW to determine the just price. Both the Douglas social crediters and modern Catholics POSTULATE the JUST PRICE as a necessary part of their Systems.

The valid complaint against Douglas is that he didn't invent and set up machinery for ENFORCING the just price. A priest recently reported to me that the English distributists had about got round to realising that they had no mechanism for instituting and enforcing just price.

Only the STATE can effectively fix the JUST PRICE of any commodity by means of state-controlled pools of raw products and the restoration of guild organisation in industry.

## **THE QUANTITY OF MONEY**

Having determined the size of your dollar, or half-crown or shilling, your Government's next job is to see that TICKETS are properly printed and that they get to the right people.

The right people are all the people who've not engaged in CRIME, and crime for the duration of this pamphlet means among other things CHEATING the rest of the citizens through the money racket. In the United States and England there is NOT enough money. There are not enough tickets moving about among the WHOLE people to BUY what they need — EVEN when the goods are there on the counter or going to rot on the wharves.

When the total nation hasn't or cannot obtain enough food for its people, that nation is poor. When enough food exists and people cannot get it by honest labour, the state is rotten, and no effort of language will say how rotten it is. But for a banker or professor to tell you that the country cannot do this, that or the other because it lacks money is as black and foetid a lie, as grovelling and imbecile, as it would be to say it cannot build roads because it has no kilometres. (I didn't invent that phrase, but it is too good to leave idle.) Roosevelt and his professors were on the right line with their commodity dollar, BUT they hooyed and smoke-screened and dodged the problem of having ENOUGH TICKETS to serve the whole people, and of keeping those tickets MOVING.

It is the business of the STATE to see that there is enough money in the hands of the WHOLE people, and in adequately rapid EXCHANGE, to effect distribution of all wealth produced and produceable. Until every member of the nation eats three times a day and has shelter and clothing, a nation is either lazy or unhealthy. If this occurs in a rich state the state's riches are not fully employed.

All value comes from labour. Wheat from ploughing, chestnuts from being picked up. BUT a lot of WORK has been done by men (mostly inventors, well-diggers, constructors of factory plant, etc.) now DEAD, and who therefore cannot eat and wear clothes.

## **SOCIAL CREDIT**

In respect of this legacy of mechanical efficiency and scientific advance we have at our disposal a large volume of SOCIAL CREDIT, which can be distributed to the people as a bonus over and above their wage packet. Douglas proposed to bring up the TOTAL purchasing power of the whole people by a per capita issue of tickets PROPORTIONAL to available goods. In England and U.S. today available and desired goods remain unbought because the total purchasing power (i.e., total sum of tickets) is inadequate. Mussolini and Hitler wasted very little time PROPOSING. They started and DO distribute BOTH tickets and actual goods on various graduated scales according to the virtues and activities of Italians and Germans. Douglas may object that this is not "democratic" (that is egalitarian) BUT for the monetary scientist or economist the result is the same. The goods are getting distributed.

There is a slightly different angle in the way these different men look on justice. They all agree that deficiency in a nation's total purchasing power must be made up. Ten or more years ago I said, that Mussolini had achieved more than Douglas, because Douglas has presented his ideas as a greed system, not as a will system.

Both Systems, Fascist and Douglasite, differ as the day from night from the degradation of the DOLE, from the infamy of the British system wherein men who are out of jobs are paid money taken from men

who do work, and where the out-of-works are rendered progressively UNFIT to work or to enjoy the sensations of living. Not only are they a drag on workers, but they are made a drag on all people who are trying to maintain a decent standard of living. The whole scale of values is defiled. Every year sees less sense of SOCIAL VALUE; less sense of having people lead lives which do not harm others; of lives in which some measure and prudence is observed.

There is nothing new in creating money to distribute wealth. If you don't believe the Emperor Tching Tang issued the first national dividend in B.C. 1766 you can call it something else. It may have been an emergency dole, but the story will at least clear up one muddle. The emperor opened a copper mine and issued round coins with square holes and gave them to the poor "and this money enabled them to buy grain from the rich," but it had no effect on the general shortage of grain.

That story is 3,000 years old, but it helps one to understand what money is and what it can do. For the purpose of good government it is a ticket for the orderly distribution of WHAT IS AVAILABLE. It may even be an incentive to grow or fabricate more grain or goods, that is to attain abundance. But it is NOT in itself abundance.

## **INFLATION**

The term inflation is used as a bogey to scare people away from any expansion of money at all. Real INFLATION only begins when you issue MONEY (measured claims) against goods or services that are undeliverable (assignats of the French Revolution issued against state lands) or issue them in excess of those WANTED. That amounts to saying: two or more tickets for the same seat at the same time, or tickets in London for a theatre performance tonight in Bombay, or for a dud show.

Money can be expended as long as each measured claim can be honoured by the producers and distributors of the nation in the goods and services required by the public, when and where they want them. INFLATION is one danger; STAGNATION is another.

## **GESSEL'S STAMP SCRIP**

[Silvio] Gesell, the South American monetary reformer, saw the danger of money being hoarded and proposed to deal with it by the issue of "stamp scrip." This should be a government note requiring the bearer to affix a stamp worth up to 1% of its face value on the first day of every month. Unless the note carries its proper complement or monthly stamps it is not valid.

This is a form of TAX on money and in the case of British currency might take the form of 1/2d or 1d per month on a ten shilling note and 1d or 2d on a pound. There are any number of possible taxes, but Gesell's kind of tax can only fall on a man who has, in his pocket, at the moment the tax falls due, 100-times, at least, the amount of the tax.

Gesell's kind of money provides a medium and measure of exchange which cannot be hoarded with impunity. It will always keep moving. Bankers could NOT lock it up in their cellars and charge the public for letting it out. It has also the additional benefit of placing sellers of perishable goods at less of a disadvantage in negotiating with owners of theoretically imperishable money. I am particularly keen on Gesell, because once people have used stamp scrip they HAVE a clear idea about money, they understand tickets better than men who haven't used stamp scrip. I am no more anxious than anyone else to use a new kind of stamp, but I maintain that the public is NOT too stupid to use postage stamps and that there is no gain in pretending that they are too stupid to understand money.

I don't say you have to use Gesell's method. But once you understand WHY be wanted it you will not be fleeced by bank sharks and "monetary authorities" WITHOUT KNOWING HOW you are being fleeced. That is WHY Gesell is so useful as a school teacher. He proposed a very simple way of keeping his tickets moving.

## **STATAL MONEY**

In 1816 Thomas Jefferson made a basic statement that has NOT been properly digested, let alone brought into perspective with various “modern proposals” for special improvements of the present damned and destructive “system” or money racket. The reader had better FRAME Jefferson’s statement:-

” And if the national bills issued be bottomed (as is indispensable) on pledges of specific taxes for their redemption within certain and 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 of the purposes of metallic money withdrawn and replaced by them.” Jefferson to Crawford, 1816.

Jefferson’s formula is SOLID. If the state emits ENOUGH money for valid and justifiable expenses and keeps it moving, circulating, going out the front door and coming in at the tax window, the nation will not suffer stagnation. The issue of HONEST MONEY is a service and when the state performs this service the state has a right to a just recompense, which differs from nearly all known forms of tax.

I say “when the state issues it,” because when states are weak or incompetent or their issue inadequate, individuals and congeries of men or localities HAVE quite properly taken over this activity (or have retained it from pre-statal eras), and it is better, it is in fact necessary, that the function of the measure of exchange should be carried on than that it stop or break down altogether.

On the other hand a nation whose measure of exchange is at the mercy of forces OUTSIDE the nation, is a nation in peril, it is a nation without national sovereignty. It is a nation of incompetent idiots drifting to ruin. Let us repeat. Sovereignty inheres in the right to ISSUE measured claims to wealth, that is MONEY.

## **NECESSARY SAFEGUARDS**

No part or function of government should be under closer surveillance, and in no part or cranny of government should higher moral criteria be ASSURED. STATAL MONEY based upon national wealth must replace GOLD manipulated by international usurers. The sane order in founding a dynasty or reorganising a government is:-

FIRST to get the results, that is to see that the people are fed and housed. THEN so to regulate the mechanism of distribution (monetary system or whatever) that it will not fall into decay and be pilfered.

For example J. Q. Adams, one of the American founders, had some nice socialist or statal ideas about reserving the national wealth for educational and “higher purposes”. His proposals were UNTIMELY. Jackson opened the land; settlers could go and take quite a bit each, free and gratis. It was timely and useful. BUT no provision was made to prevent the settlers transferring this land WHEN THEY HAD NO FURTHER USE FOR IT and didn’t want to work it themselves. Hence the U.S. land has fallen into great ownership. The same danger applies to monetary systems as to land settlement. Set up a perfect and just money system and in three days rascals, the bastards with mercantilist and monopolist mentality, will start thinking up some wheeze to cheat the people. The concessions-hunter will sprout in some new form as long as dung stinks and humanity produces mental abortions. John Adams early saw that stockjobbers would replace fat country small squire tyrants.

In the 1860s one of the Rothschilds was kind enough to admit that the banking system was contrary to public interest, and that was before the shadow of Hitler’s jails had fallen ACROSS the family fortunes. It is this generation’s job to do what was left undone by the early democrats. The guild system, endowing the people by occupation and vocation with corporate powers, gives them the means to protect themselves for all time from the money power.

If you don't like the guild idea, go get results with some other, but don't lose your head and forget what clean men are driving at. And don't lie to yourselves and mistake a plough for a mortgage and vice versa. It is useless to talk of economics or to listen to talk about economics or to read books on the subject until both reader and writer know what they mean by the half-dozen simplest and most necessary terms most frequently used.

## **AN ECONOMIC SYSTEM**

The first thing for a man to think of when proposing an economic system is; WHAT IS IT FOR? And the answer is: to make sure that the whole people shall be able to eat (in a healthy manner), to be housed (decently) and be clothed (in a way adequate to the climate). Another form of that statement is Mussolini's:-

DISCIPLINE THE ECONOMIC FORCES AND EQUATE THEM TO THE NEEDS OF THE NATION.

The Left claim that private ownership has destroyed this true purpose of an economic system, Let us see how OWNERSHIP was defined, at the beginning of a capitalist era during the French Revolution.

“OWNERSHIP is the right which every citizen has to enjoy and dispose of the portion of goods guaranteed him by the law. “The right of ownership is limited, as are all other rights by the obligation to respect the rights of others. It cannot be prejudicial to the safety, nor to the liberty nor to the existence, nor to the ownership of other men like ourselves Every possession, every traffic, which violates this principle is illicit and immoral.” – Robespierre.

## **USURY**

The perspective of the damned XIXth century shows little else than the violation of these principles by demoliberal usuriocracy. The doctrine of Capital, in short, has shown itself as little else than the idea that unprincipled thieves and antisocial groups should be allowed to gnaw into the rights of ownership. This tendency “to gnaw into” has been recognised and stigmatised from the time of the laws of Moses and he called it neschek. And nothing differs more from this gnawing or corrosive than the right to share out the fruits of a common co-operative labour.

Indeed USURY has become the dominant force in the modern world. “Moreover, imperialism is an immense accumulation of money capital in a few countries, which, as we have seen, amounts to 4 or 5 thousand million pounds sterling in securities. Hence the extraordinary growth of a class, or rather a Stratum, of rentiers, i.e, persons who live by “clipping coupons” who take absolutely no part in any enterprise, and whose profession is idleness. The exportation of capital, one of the most essential economic bases of imperialism, still further isolates this rentier stratum from production, and sets the seal of parasitism on the whole country living on the exploitation of the labour of several overseas countries and colonies.” V. I. Lenin, quoting Hobson in “Imperialism, the highest stage of Capitalism.”

Very well! That is from Lenin. But you could quote the same substance from Hitler, who is a Nazi (note the paragraph from “Mein Kampf magnificently isolated by Wyndham Lewis in his “Hitler” – “The struggle against international finance and loan capital has become the most important point in the National Socialist programme; the struggle of the German nation for its independence and freedom.”

You could quote it from Mussolini, a Fascist, or from C. H. Douglas, who calls himself a democrat and his followers the only true democrats. You could quote it from McNair Wilson who is a Christian Monarchy man. You could quote it from a dozen camps which have no suspicion they are quoting Lenin. The only people who do not seem to have read and digested this essay of his are the British Labour Party and various groups of professing communists throughout the Occident.

Some facts are now known above parties, some perceptions are the common heritage of all men of

good will and only the Newspapers and worse than Newspapers, try now to obscure them. Among the worse than Newspapers we must list the hired professors who misteach new generations of young, who lie for hire and who continue to lie from sheer sloth and inertia and from dog-like contempt for the wellbeing of all mankind. At this point, and to prevent the dragging of red herrings, I wish to distinguish between prejudice against the Jew as such and the suggestion that the Jew should face his own problem.

Does he in his individual case wish to observe the law of Moses? Does he propose to continue to rob other men by usury mechanism while wishing to be considered a “neighbour”? This is the sort or double-standard which a befouled English delegation tried to enforce via the corrupt League of Nations (frontage and face wash for the worse international corruption at Basel).

USURY is the cancer of the world, which only the surgeon’s knife of Fascism can cut out of the life of the nations. (Some quotes and observations.)

## APPENDIX

1. “The banking business is declared a state monopoly,” Lenin, Kryienko, Podvoisky, Gorbunov. Which, of course, means “all power” to the state.
2. “Discipline the economic forces and equate them to the needs of the nation,” Mussolini, Consegna for the year XII.
3. “Problem of production solved, economists prodded on by the state should next solve the problem of distribution.” Ibid.
4. Rossoni, Italian minister, indicates the policy *ofammassi*, or assemblage of grain with possibilities of a totally different tax system in kind.

NOTE that extortion has often consisted in forcing men to pay in a substance or via a medium (money) which they have not and which they are forced to obtain at an unjust price.

5. Bankhead proposed Stamp Scrip in the U.S. Senate, possibly the only 100% honest monetary proposal made in U.S. legislature since American civilisation was destroyed by and after the Civil War (1861-5)
6. Daladier, whatever his errors, proposed Stamp Scrip in a French Radical Party assembly, possibly the only 100% honest monetary proposal made in that worm-eaten and miserable country since Neckar brought in his vermin, and since the Banque of France was riveted on the back of the people. These statements should be faced and either verified or disproved. A very great and slimy ignorance persists. American concerns hire the Lowest grade of journalists to obscure the public mind. Are we to suppose that neither employer nor writer know that wages are paid in money; that dividends are paid in money; that raw materials and finished products are bought with money?

As for prize lies there is no ascertainable limit from the *Saturday Evening Post*’s “Kreuger is more than a financial titan” to the daily and hourly pronouncements of the British “statesmen” and press.

## ON ENGLAND

So far as I know no 100% honest monetary policy has been officially proposed in the British Parliament since the Bank of England was founded. Nor has any of the larger religious bodies in England come out for common monetary honesty. Your tax system is an infamy. The farm hand does not eat more because the paintings by Raeburn or Constable are taken out of the Manor House and put in the Jew dealer’s cellar under a black and iniquitous inheritance tax.

The obscuring of the sense of the NATURE of money has destroyed all these fine things USELESSLY. The dismantled Manor House that could be and ought to show a model of how to live, is made a

skeleton for NO PURPOSE. If any hedger or ditcher got a half ounce more  
beefsteak BECAUSE the Manor House library was sold off and its pictures put up to auction, there  
might be some justification in taxes. But there is NO justification in taxes as now suffered in Britain.

### **FOR ARKANSAS**

” In Mississippi the average cotton farmer makes four bales of cotton a year worth, at the present  
market, 42.00 dollars a bale. This is 170 dollars for a year’s work. A daughter of this family averaging  
12 dollars a week in a nearby industrial plant earns 624 dollars for a year’s work, over three times the  
income from the farm.” –Thus the “Commonwealth College Fortnightly” of Mena, Arkansas. March  
1st, 1938. Hence the claims that “money isn’t all” and that “it is not exclusively a money problem”.

You could have a just and stable coinage; measured by eggs, by work or by a logarithmic price index,  
and that FARMER could STILL get only 42.50 dollars per bale and be unable to grow more cotton per  
acre. Will this statement content my Bolshevik friends in Arkansas and the gents who think I am  
concerned SOLELY with money?

Ezra Pound – 1935

### **Notes**

\* Oxen have been so used by Zulus and other African tribes. – Ed.

\*\* Mr. Ezra Pound is an American. – Ed.