

# Historical Events

## *THE IRAQ WAR & THE REST OF THE AMERICAN REVOLUTION*

Open Letter by Richard Kotlarz; 2/5/11 Rev. Copyrighted Material

“Why?”

Hark the entreaties of the broken  
Souls who have borne usury's curse,  
Debt-money's train of death and woes.  
The huddled betimes scarce awoken  
Soon to find wit and will aburst,  
The hour, impending, no one knows.

The meek get ready to inherit the earth,  
The earth prepares to receive the sky,  
The youth anon will discover a future,  
The wise, in love, smile – and now you know “Why?”

– Richard Kotlarz

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## **PROLOGUE:**

This document constitutes one whole thought. Consequently it must be read to its conclusion to comprehend its meaning. It started out as a list of talking points for a meeting of the local peace coalition with our congressman. The conclave never came off, but the topic swelled with the writing, so I persisted to see where it would go. The target audience was not so much the legislator, but rather my peace-coalition compatriots. I had found myself moving away from the message of the movement in the sense that I was increasingly put off by its negative tenor. The answer to the Iraq War, so it seemed to be saying, was to find and punish those who were to blame. Appropriate accountability notwithstanding, I saw no solution in finger-pointing polemics. I needed for my own inner integrity to write out a strong esoteric critique of the situation from a monetary perspective, but then resolve it in a way that encouraged the reader of whatever stripe to contemplate his or her own role in the matter in a way that came to grips with their own responsibility.

That said, this is a vital story of sweeping scope; a veritable allegory of the gods, if you will. It is appropriate, then, that any tendency for arcane tedium has been avoided, and a bracing tenor of language in the manner of an epic tale embraced. To some readers it may seem at places strident or partisan, but it arrives full-circle, I believe, to a more self-reflective view in the fullness of the narrative. A previous version of this treatise has found a resonance across a spectrum of readers that is deeper and wider than I could possibly have anticipated. What is more, the effort has developed into a personal quest into matters economic in the broadest, most constructive, and (hopefully) visionary sense.

The original version of this document was composed in the autumn of 2003, and so some of the references will seem dated. We as a nation are, supposedly, in the process of “pulling out” now, but leaving military bases, civilian contractors and governmental advisors behind. Revisions have been made where appropriate to maintain the conceptual integrity of the piece, in spite of the somewhat disjointed time references. The major change from the original is the significantly expanded overview of world and U.S. history as it is woven around the thread of money. This comprises a bit over half the treatise, but is absolutely necessary to provide a background for the discussion. Indeed, the fact that it is missing from the common knowledge of our culture literally cripples our ability to discover who we are as a people, how we became that way, and any serious path to the future.

I have endeavored to de-emphasize the political aspects of the war.

Charles Dickens opened his classic novel *A Tale of Two Cities* with perhaps the most famous of all literary curtain risers (after “*In the beginning . . .*” that is); i.e. “*It was the best of times, it was the worst of times . . .*” He was referring specifically to the nascent-industrial England of the late 18th century, but the same can be said of the present epoch. Indeed, the contemporary global civilization has stretched this dichotomy to the most extreme polarity possible.

It can be said that a large portion of humankind at present lives in a cornucopia of unfolding progress, possibilities and richness that fairly beggars the imagination. In the historically-brief last century or two it has plumbed the depths, spanned the heavens, opened the floodgates of material abundance, developed vast technological capabilities, shrunk the world into a global village, exploded the boundaries of artistic expression, enacted sweeping social and political reforms, unlocked the atom, mastered incredible techniques for healing, and approached the mysteries of the creation of life itself. Yet, for all of that, it may be fairly asked if we are not approaching the brink of the incomprehensible suicide of civilization, or even the destruction of earth itself, through any number of possible avenues; be it the spontaneous unraveling of the ecosystem; the overwhelming of the last barriers to infectious pandemics; the revitalization of class, ethnic, racial or religious intolerance; the grinding realities of agricultural, industrial and service labor; a decline of culture; snowballing monetary indebtedness; the ever more maddening pace and dehumanization of modern life; the exhaustion of material resources; the collateral consequences of an imperialist New-World-Order hegemony; nuclear holocaust; or the wrath of an angry creator.

What are we to think of this impossibly contradictory state of affairs? The juxtaposed “best” and “worst” of times is in actuality not a contradiction, but rather an expression of the poles of the overarching paradox. What, then, is the paradox? This may be expressed many ways, but in an outward sense it surely is reflected in the reality that humankind, in this time of vastly expanded financial activity, has not mastered money. In what life does money not exist as the most polarized of love/hate, embraced/condemned, or sought/feared elements? It is indeed the essential riddle of our time.

The fact that the subject is money dictates that the discipline of banking be brought most particularly under the green shade of scrutiny. The problem, though, is by no means limited to those involved overtly in the banking or financial professions. In this modern era, we are all economic creatures, and do in fact mould the form of the economic life with our

thoughts, feelings and actions. If the economic cake were sliced along a different cross section, any number of other walks or categories of life could be held up for similar treatment.

If there is a “bottom line” to this story it is that, while different “classes” (a divisive word, to be sure) of society may indeed have their respective economic issues, there is ultimately no us-vs.-them factor in their resolution. This premise is held forth adamantly in the fullness of the following narrative. As fellow sojourners in the earth we are all in this together; both as agents for the problem, and as hopes for the cure. If there is any distinction to be said for people of finance it is that theirs is a special calling in an age when the full blossoming of the economic life is coming providentially to the fore.

In the course of performing any economic activity within the present system I suspect that we all experience on some level an existential split, and stand in our respective ways in the need of liberation and healing. In this time of great historical reckoning and economic unfoldment, the chasm occasioned by matters of money, both between people and within them, can no longer be accommodated. The space for a free dialogue between the mavens of money and body of the social order must be opened up for a bracing, but empathetic discourse. What is respectfully offered below is intended to plant the seed for just that. Clearly, the truth cannot be spared, but in our quest there is no place for attitudes of condescension or recrimination.

Thank you for your thoughtful consideration.

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## **SHOCK & AWE**

Beginning on March 20, 2003, the American public was subjected to an unprecedented period of Shock-&-Awe war-media immersion. It is time to slow down and examine what has transpired, how it fits into a historical perspective, what it bodes for the future, and what it tells us about ourselves. In my view, a genuine comprehension of the overarching picture of what this war and subsequent occupation represent, is essentially missing. In crucial respects, I hear nary a relevant word on the subject. I propose in this treatise to put on hold the familiar political-speak, posit a new historic/economic/social paradigm from which to reason, and then reconstruct the dialog from a completely fresh point of perspective. This discussion will venture into unfamiliar territory, so it will require of the reader some patience and a suspension of judgment. There is no cultural rapport within which this matter can be properly discussed at present. A new worldview from which to reason will be delineated, and the dialog

will be reconstituted in a concise manner in short order. We will then come full-circle back to the subject of the Iraq war, but this time with a new understanding. At least that is the idea. Reiteration of points of the familiar debate will be minimized. Let us begin.

## **OUT OF THE GARDEN**

In ancient times, mankind awoke to a wondrous cosmos that came into being without the benefit “Money”. According to the Judeo/Christian/Islamic creation story mankind was once united with God in a veritable paradise, the Garden of Eden, where he existed in a state of innocence. He was, however, led astray by a clever spirit, and began to have his own ideas about how things ought to be. A state of estrangement from his Creator, and exclusion from the primordial paradise where all his needs were naturally provided, followed.

Now to meet his needs, mankind experienced it as necessary to establish artificial modes of exchange for energy and materials that occurred outside the natural proximities and flows of the primordial paradise. The most rudimentary form of this was barter, the direct exchange of goods. Eventually barter proved to be too cumbersome, so he came up with the idea to use portable and valuable commodities (precious metals in particular) that could stand in for physical wealth, thereby allowing for greater flexibility of trade.

Finally mankind realized that he could trade in a medium created from his unique powers for abstract numerical thinking. We call it “money.” In a material sense it was a stroke of genius. Ideally it could expedite the free exchange of all things in all places. It even became possible to trade goods of any size or description from opposite sides of the world with no requirement for physical transport whatsoever; only the reassignment of abstract credits in virtual space.

It should be noted that this transition from barter, to precious metals, to abstract monetary credits was not a strictly sequential one. Barter is still practiced, and money goes back to ancient times. It does, however, represent an evolution of the exchange idea, and a progression of the preponderance and sophistication of the manner in which it is practiced.

Each one of these modes of exchange had a shadow manifestation that presented a unique potential for trouble and abuse. To bypass barter, one could forcibly take items from a potential exchange partner. History is rife with tales of conquest and plunder in which the more powerful did just that. The adoption of valuable commodity mediums of exchange introduced the possibility of controlling the physical reality of the trade through manipulation of the medium, instead of overt possession of the goods. It has a legitimate place in history

as a transition strategy between physical barter and purely abstract credit transfers, but the mesmerizing allure of precious metals tends to bring out the dark side of human nature. Gold, for example, has a long tradition of being stolen, controlled and hoarded with results that were often deleterious in the extreme. Its process of extraction is associated with a litany of inhumanity. It has provoked whole societies of otherwise decent and principled folk to overrun their more aboriginal brethren in genocidal frenzy to appropriate the shiny treasure they were haplessly sitting upon.

The potential for mischief occasioned by money exceeds that of the other modes of exchange. Because it is amenable to manipulation via abstract numbers, the creation and control of money requires virtually no physical possessions or resources. All that is needed is the de-facto privilege or authority to effect its creation out of thin air, and control the matrix of rules under which it is traded. Yet it holds the potential to dominate the physical economy in its entirety, and the whole range of social, environmental, technological, intellectual, political, and other factors implicit in that.

The power of money creation is an indispensable prerequisite of “sovereignty.” Whoever has the money creation power is sovereign, and the rest is for show. This has long been recognized by rulers of every description. This is not primarily about who spends it, who is wealthy, or who makes the campaign contributions. It is about who has the “sovereign” privilege or authority to create it. All other issues are derivative.

I would assert that the story of whoever exercises the money creation power, the mode of its implementation, and the means of its use or abuse is one of the central threads of history, and all other aspects are woven about it. No army has ever been formidable enough to deploy, nor any king sufficiently divine to reign without its consent and sponsorship. That this includes the present American and British governments, and the military force in the Middle East goes without saying, yet I dare say there is virtually not a word in the popular debate which shows an understanding of the root and why of this, even from the anti-war side. The existence of money is treated as an a priori assumption, and our awareness joins in somewhere in the course of its flow. Much like the wind, our lives are immersed in and buffeted by it, but we know not from whence it comes, nor whither it goes. To be sure, there is a lot of talk about money, but it all falls within the notions of popular debate concerning taxing and spending, military funding, campaign financing, corporate greed, and a host of other ancillary issues, which are not properly understandable without taking into account the role of the money creator.



The non-material nature of money is at once its blessing, and its curse. Ideally it has the potential to be eminently benign and beneficial. The downside is that its abuse can be accomplished in the abstract realm of number. This means that it does not have to physically conquer anything. Indeed, it can control any would-be conqueror. To compound the problem, because its essence is not materially visible, this abuse can be hidden within a multitude of obfuscations, manipulations and mystifications. Taken to its logical extreme, a culture can be so brainwashed that any real comprehension of the history or machinations of the monetary system can be virtually expunged from the common awareness, even as it lays upon the populace a yoke which is crushing, yet so woven into the warp and woof of our individual and collective lives that we cannot detect its presence. When that is accomplished, an entire world of civilized people can be marched off into the adventurism of a mounting world conflagration for reasons that it does not fully comprehend. It is true, there will be good people by the millions who will rise up in protest, but they will be so befuddled about what is actually driving events, that in the end they will be minimally effectual at best; co-opted and used at worst. That is precisely what is happening at present.

## **HISTORICAL ORIGINS OF THE MONEY GAME**

There is a recurring historical cycle rooted in a perverse practice of money that can be illustrated by going back to ancient Iraq, otherwise known as Babylon. The priests of Baal controlled not only the religious observances, but also the monetary system. They would readily issue enough credit to the farmers in the spring to plant their crops, but they would also insure that come harvest time, there would not be enough money in circulation in the aggregate to retire all the debt incurred during the planting season. Some farmers would do better than others, of course, but it was a mathematical certainty that a portion of them would have to come back hat-in-hand to the priests and ask for a loan to tide them over. They were happy to oblige. The next season the farmers were working not only to cover their costs, but also to pay the “debt” to the priests. This created a compounding debt spiral in which those who were productive eventually lost everything and became indentured servants to the priests who produced nothing, and their civilization collapsed.

This pattern is not exceptional. As stated in the Acres, U.S.A. newspaper, a major alternative economics forum:

*“This business of borrowing money into circulation, then withholding more money creation to make payment and debt service impossible, haunted Persia, cursed Greece and*

*Rome, annihilated the defense of Carthage, and presided over death and wars between Deuteronomy and the eve of the 1948 presidential election.”*

This process continues on a vastly greater scale today, and it drives virtually all issues, whether they are nominally economic or not.

Between approximately 1500 and 1000 BC the monetary practice of the Mediterranean societies evolved from a cattle-based to a gold-by-weight standard. This was facilitated by that fact that there were great temple cults that possessed gold hoards large enough to control the value of yellow metal. They, in turn, became effectively the bankers of the era (which explains why banks and bankers' houses have traditionally imitated the pillared architectural style of ancient temples). With the secular control of money to augment their divinely appointed status as the representatives of the gods, these temples wielded a pervasive influence over all facets of society.

#### **“NOMISMA” IN ANCIENT GREECE**

Money in ancient Greece was called “nomisma”, because it attained its status via the agency of the “law,” for which the Greek work is “nomos.” This was affirmed by Aristotle when he stated, “. . . *and this is why it has the name nomisma – because it exists not by nature, but by law (nomos) . . .*” Plato demonstrated an acute awareness of the dangers of precious-metal money, and specified a nomisma currency for his mythical *Republic*.

In the Greek city-states, the power to coin money was in the hands of a political authority that was linked to the temple cult of a favored god. These cults, in turn, often operated internationally as virtual bankers. A division began to emerge because the civil authority (which was tied to the residents of one particular territory) found that it often had different interests than the temple cults (who were more internationally oriented in their perspective). As a result of this struggle for the control of money, resulting in extreme cases in military conflict, an early separation of religion and the state emerged.

The first documented attempt to establish a nomisma money system is related by Greek historian Plutarch in his classic work of parallel biographies, *Parallel Lives*. In the 8th century BC, the Spartan ruler Lycurgus instituted a constitution, land reform, and other measures aimed at cleaning up a corrupted society. A pivotal part of this campaign was the introduction of a new monetary system that banned the use of gold and silver for domestic currency, and mandated instead the use of iron discs. Moreover, these discs were rendered too brittle for other purposes by dipping them into vinegar while they were hot. Any “intrinsic

value” (commodity value of the metal itself) was thereby destroyed, and they became money by “fiat” (a decree of the sovereign which enters into law). This monetary regime worked well, as Sparta emerged as a Hellenic power for over three centuries. Unwisely, it abandoned its iron money around 415 BC after it became entangled in foreign conquests that captured large quantities of gold and silver, but not before Sparta’s salutary experience with money was imitated by other city-states.

By about 600 BC, Athens had slipped into a deep economic crisis due to the usury (“interest” charge) attached to coinage. The class of free small farmers was vanishing, as land ownership become concentrated in the hands of an oligarchy. In many cases, farmers were bound into slavery to satisfy their debts. According to George M. Calhoun, author of *Business Life of Ancient Athens*:

*“Before the introduction of coined money the peasant farmer borrowed commodities and repaid the loan in kind, and . . . was probably able to meet the obligation without great difficulty; but after the introduction of coined money the situation became decidedly more difficult . . . he must take a loan of money (to) purchase his necessary supplies at a time when money was cheap and commodities dear. When a year of plenty came and he undertook to repay the loan (in money), commodities were cheap and money was dear.”*

This harvest-time dilemma of having on hand one year’s supply of crop, but essentially only one day’s market in which to sell it to pay his debt, has always been the plight of the farmer, and explains in large measure why farmers, even to the present day, have had a difficult time achieving enough influence in the marketplace to get a fair price for their product.

In a campaign of reforms that revitalized Athens, the ruler Solon cancelled existing debt contracts, and returned land that had been seized. He banned the putting up of personal slavery as security for debts, and bought back and returned to Athens farmers who had been sold into slavery abroad by their creditors to satisfy their debts. To establish a reliable basis for farm income, Solon decreed a floor price for each agricultural product. Coinage was adopted in which the metal in the coin was of less value than the stamp of the sovereign it was impressed with, making it essentially fiat currency established in the law. With Solon’s reforms as a foundation, Athens rose to its zenith as a civilization.

The historic record indicates that the rise of classical Greek culture was in significant part tied to its adoption of sound money practices that eschewed both usury and precious metals as a basis for the issuance of currency. In the end, these salutary measures became

subsumed by outside forces, and the preeminence of the Greek culture faded, but not before a great imitator arose to the west.

## ROME

About the time Lycurgus was introducing his brittle iron currency to Sparta, a village in the Italian peninsula adopted the use of a base-metal alloy, bronze (copper, with minor parts of tin and lead), for coinage used in domestic trade. The decision was made by Numa (716-672 BC), Rome's second king, who considered himself a descendent of the Spartans. In fact, in *Parallel Lives*, Plutarch described Lycurgus and Numa as parallels. He inaugurated "Pontifex Maximus," a religious institution that played a prominent role throughout Roman history, and continues to this day in the Catholic Church. After Numi (and he after the Greek nomisma), they called their money "nummi" or "numisma."

Rome was not short of precious metals it could turn into coins. The adoption of a base metal was a conscious move to isolate the fledgling society from the corrupting influence of the gold and silver hoards of the merchants and the temple cults to the east. This effectively set Rome on a path whereby it was able to develop independently according its own resources, virtues and values. The fatefulness of this move prompted Henry Noel Humphries, author of *Ancient Coins and Metals*, to write, "*The Roman adoption of a national and exclusive coinage produced a revolution in the monetary system of all civilized nations.*"

Rome became a republic in 509 BC. It dispatched a delegation to Athens to study the reforms of Solon in 454 BC; some 145 years after they were enacted. The fruit of their investigation found their way into a Roman law of that year which standardized values for coinage, and linked them to commodities in a way that could be readily understood. Upon the foundation of a stable monetary system defined in the law, a legal order emerged which was of such quality that it is still consulted today. It embodied the greatest separation of religion and state that the world had yet seen. As told by Alexander del Mar, the preeminent monetary historian of the 19th century, it was the era of republican Rome's numerary system: ". . . during which all that was admirable of Roman civilization saw its origin, its growth and its maturity. When the system fell (i.e. was changed to being gold-based), Rome lost its liberties. The state was to grow more powerful and dreaded, but that state and its people were no longer one."

It took until 266 BC for Rome to consolidate the Italian peninsula into one commonwealth, just in time to square off against its arch-enemy Carthage in two great

conflicts known as the Punic Wars (264-241 BC and 218-201 BC). Carthage was a Phoenician society on the North African coast that acquired its great wealth through trade in goods and precious metals. The epic conflict was fought, not only between armies, but also monetary systems. The Carthaginian armies (led by Hannibal in the second contest) roamed and ravaged the Roman countryside. Rome fought back by demonetizing its nomisma currency in the areas controlled by the invaders in an attempt to cripple the local economy which the enemy was obliged to depend upon in its foraging for supplies. Carthage countered by importing its own precious-metal coinage.

The tactic had momentous consequences. Rome eventually prevailed in the military contest, but the flooding of much of its territory with the foreign precious-metal currency over a prolonged period of time fundamentally altered the culture, and planted the seed for its ultimate destruction. The pre-war republican ideal of self-sacrificing egalitarianism and service to the society was replaced by the “ethics” of avarice. The society became divided between an emerging plutocracy that had become addicted to its precious metal-hoards, and the hard-pressed masses of working people who did not possess such. The farmers were increasingly unable to hold onto their homesteads as they were conscripted into military service in the Legions, and dispatched to remote realms in pursuit of ever greater quantities of metallic treasure, plus captured slaves who would fill the workforce on expanding plantation estates called “latifundia,” which in turn displaced them from the land, thereby completing the circle of disenfranchisement. With the yeomanry and moral fiber of the society lost, a long decline was initiated which eventually consumed the strength of the republic in the debaucheries of empire.

The consequences of the new gold coinage caused the Roman historian Pliny the Elder (23-79 AD) to rue:

*“The next crime committed against the welfare of mankind, was on the part of him who was the first to coin a Denarius of gold. . . . would that gold could have been banished forever from the Earth, accursed by universal report, reviled by the reproaches of all the best men, and looked upon as discovered only for the ruin of mankind.”*

The breakdown of the Roman monetary system marked the end of the lawful republic. The society was ripe for dictatorship. At age 36, Julius Caesar (100-44 BC) was elected to the position of Pontifex Maximus. After having himself deified at the Temple of Jupiter Amon in Libya, he returned to Rome, not as a mere dictator, but as a god. The control of money was formally vested in the office of Pontifex Maximus, and the separation of religion and state in

Rome was thus ended. The Empire officially converted to a gold standard in 45 BC, and the gold/silver ratio was decreed to be 12-to-1 (i.e. it took 12 oz. of silver to equal the value of 1 oz. of gold), a legal formula that remained in force until the fall of Constantinople in 1204 AD.

As soon as gold had been established as the basis for Roman money, Rome's money supply began draining away to the orient. This was driven by a number of factors, including the importation of luxury goods, religious tithes sent to Jerusalem, and the usury charges on loans from Middle East lenders.

The most relentless force behind the phenomenon, however, was a "secret" that was protected from public scrutiny. Julius Caesar had fixed the gold/silver ratio for the empire by decree at 12-to-1, but in the orient, for reasons not wholly understood, it had long been pegged at about 6 or 7-to-1. This meant that a trader from one market could buy goods with whatever metal currency was cheaper, and sell them in the other in exchange for coinage that was worth roughly twice as much. This was in addition to his normal profit. For trade that met in the middle, the ample spread could be split. Brokers in the Middle East could pocket huge fortunes by exploiting the differential. The net effect for Western Europe was to see its supply of silver coinage disappear to the East, while gold was hoarded, causing a chronically-worsening shortage of currency. The problem could have been relieved by a return to a base-metal coinage established in the law, but this option would have ended the lucrative scheme. The differential between the east/west ratios was in effect from the time of Alexander the Great to the founding of the Bank of England.

The resulting shortage of coinage was relieved periodically by recapturing lost metal in military forays to the east, but still the draining of currency mounted. Finally, the resultant migration of financial power to the east was a major factor in causing the empire to split, with the Emperor Constantine establishing a new capital at Byzantium in 331 AD. From there he supplanted the diminished Pontifex Maximus by creating a new religious/monetary institution, the "Basileus." This new center of power fiercely guarded its prerogative to control the minting of new money, even against Rome, for the next almost 900 years.

Much has been written about the supposed "fall of the Roman Empire" to barbarian hordes. Some modern historians, however, suggest the barbarians were actually not very numerous, and the physical assets of the empire remained intact right to the end. Could it be that the barbarians were merely the proverbial straw that broke the camel's back of an empire that did not fall from without, but rotted from within after a long decline initiated by the

abandonment of lawful fiat money by Republican Rome? Given the parallels to present situation of the United States (to be delineated below), this is a relevant topic for our time.

## **THE DARK AGES**

With the establishment of the religious and monetary authority in Byzantium, the Western Empire became a backwater. The system of vassal states set up under Roman governance degenerated into feudalism. As the money supply fled, commerce diminished, until even the form of taxes collected regressed from being in money, to “in kind” (i.e.- accepting for payment firewood, vegetables, chickens, and the like). Moreover, the monopolistic control of the right to strike coinage was enforced by military power to insure that the Basileus had no rivals. Western Europe descended into the “Dark Ages”, as culture fled with the wealth eastward to the Muslim world.

Charlemagne (742-814 AD) had himself crowned king of the Western Empire by Pope Leo on Christmas Day 800 AD. He attempted to revive the West through force of military conquest, and by re-starting and intensifying the mining of precious-metals with a large workforce of captured slave labor. He eventually stopped his own minting of gold coins, likely as a concession to the religious and monetary supremacy of the Basileus, and his new silver coinage drained away to the East as before. The West was left little better off monetarily for all his brutal efforts.

## **THE CRUSADES**

The West found itself in the position of being religiously eclipsed and economically prostrate. Its only hope for redemption seemed to lay with military incursion into the East, and so the impulse for the Crusades was born. Naturally, the enterprise was billed as a religious war against the infidel (a Christian “Jihad,” if you will), and there was without doubt much genuine religious fervor associated with the cause. Notwithstanding, it behooves us to not lose sight of the reality that the long process that eventually induced the migration of political, religious and economic power to the East had, arguably, a monetary origin. It all started when republican Rome succumbed to the seductive sway of gold.

The Crusades were a complex historical phenomenon, but they embodied one supremely pivotal moment that redirected the course of world history. The assembled army of the 4th Crusade embarked from Venice in June 1202. By the time the force reached its wintering-over quarters on the Adriatic, suspicions concerning the expedition’s true destination broke out into heated disputes. It was only then that the knights were informed

that the planned objective for attack was not the Holy Land (via Alexandria), but rather Constantinople and the dreaded Basileus. Many were reluctant, but promises of great booty were made, and these knights on God's mission were won over. On April 9, 1205 they attacked and took this largest and most splendid city of the Medieval world, and then loosed upon it an orgy of pillaging of fantastic proportions. In the process the great works of art gathered from ancient temples over the nine centuries of its dominance were melted down into coins or bullion.

The demise of the Basileus formally ended the monetary system that had held sway over Europe since the time of Julius Caesar. The fallout was transformative, as the money power slipped from ecclesiastic to secular control. Local rulers all over Europe resumed the minting of gold coinage, and commercial activity rebounded with the introduction of a more plentiful currency. A network of market towns and cities emerged. This renewed economic activity laid the foundation for cultural transformation as well. Fortunately, the great works of Greek philosophy, which had disappeared from Europe during the Dark Ages, were spared from the flames of Constantinople, and brought to the West.

A significant result of the First Crusade was the advent of the Knights Templar, whose avowed mission was to protect pilgrims traveling to and from the Holy Land. They were an order of fighting monks who took vows of poverty, but somehow this monastic order became by the middle of the twelfth century the most wealthy and powerful institution in Christendom, except for the Papacy. The meteoric rise of this organization out of such a humble purpose has inspired ever since a feast of speculation. Some have theorized that the organization was merely a façade for a sinister agenda, but the unquestioned courage and sacrifice in battle of the Knights would make that assertion seem simplistic at best.

What is known is that the Knights set up a system of credit clearing houses whereby a pilgrim could deposit his funds with the Templars back home, and reclaim them at a Templar agency when they arrived in the Holy Land, thereby protecting him and his money from the hazards of robbery en route. The stellar reputation earned by the order, fairly won by valor on the battlefield and trustworthiness in finance, inspired a wave of bequeathals of land and property in its favor. The fortune and skills thus amassed allowed it to emerge rapidly as the banking power in Europe. But, alas, they became too powerful too fast. King Philip of France, in league with the Pope Clement V, issued orders throughout his kingdom to have all Templars arrested at once on Friday the 13th, October of 1307 (likely source of the Friday-the-13th superstition). By this time there were an estimated 20,000 in Europe, but only ten-



percent were fighting knights. They were easily overwhelmed, and subsequently tortured in a brutal inquisition.

A significant number escaped by ship, along with a goodly portion of their treasure. Their destination has been the subject of much speculation, but there is an emerging consensus that they found refuge in Scotland. This may explain why this storied land has been the origin of so many monetary innovators and schemers, such as John Law (a fugitive from English law and professional gambler who, from 1717 to 1720, was given control of the French State-owned bank, and brought the country to its economic knees with his “Mississippi Scheme”), William Patterson (founder of the Bank of England), and Adam Smith (author of the Wealth of Nations). The Templars played a significant role in the Magna Carta, and later showed up in the lodges of Freemasonry, which in turn were influential in the French and American Revolutions.

The city-state of Venice had been an indispensable staging area for the Crusades. It was the only European power with a fleet of ships capable of transporting armies. It had earned its economic niche as middleman for trade between Europe and the Far East. As such, it was privy to the differential in the gold/silver ratio between the East and the West, and worked the spread for its trading advantage.

Venice’s privileged position was due in large measure to its strategic location at the juncture of the overland trade route through Turkey, and the sea route through the Moslem-cleared Arsinoe (now Suez) Canal. This advantage was lost when the Portuguese discovered a new route to India around the southern tip of Africa, and the voyages of Columbus opened trade routes to the west, including to the Orient. These and other factors led to Venice’s decline, but not before it had financed the raising of the level of culture in Italy to the point where the Renaissance became possible.

A factor of note during the Crusades was the contrast between the conduct of Christian and Muslim forces. This was especially highlighted with respect to Saladin the Great (1138-1193), a Kurd born in Takrit (which is, coincidentally, Saddam Hussein’s hometown; a fact that no doubt fed his propensity to proclaim himself the modern Saladin). He united the Muslims to battle the Crusaders. His attitude was reportedly expressed in the advice to his son:

*“My son I commend thee to the most high God, the fountain of all goodness. Do his will, for that way lieth peace. Refrain from the shedding of blood; trust not to that; for blood that is spilt never slumbers. Seek to win the hearts of thy people and watch over their prosperity, for it is to secure their happiness that thou art appointed by God and by me.”*

Saladin's ardent admirers have often included Christian biographers, who together with Arabs have celebrated his cultured chivalry. The Crusaders took Jerusalem in 1099 and murdered virtually all of its inhabitants, while boasting that the city was knee-deep in blood. Saladin re-took the city in 1187. He spared its residents and allowed them safe passage to leave, it being a holy city captured by the Muslims in a "just war."

Upon hearing that his worthy opponent Richard the Lion Hearted was in the area, but with no horse on which to fight, Saladin sent to him a splendid steed. When Richard was wounded, Saladin offered him the services of his personal physician. At another time when he encountered the wives of captured knights he promised to free them if he could find them, and then made good on the promise. It is no wonder that Saladin's reputation spread throughout Europe, and persists in mythical form to this today.

In contrast, when he captured the city of Acre, Sir Richard slaughtered the 2700 Muslim inhabitants without delay when their ransom was late.

Under the rule of a spreading ecclesiastical kingdom set up by the Christian forces, many horrors transpired. According to Dana Carlton Munro in *The Kingdom of the Crusades*:

*"On more than one occasion the inhabitants were slaughtered after they received safe conduct to leave the city, and their bodies were burned or cut open to secure the gold which they were supposed to have swallowed."*

The contrast of cultures was not lost upon the Christian pilgrims. Munro reports,

*"In Asia Minor many a pilgrim became a renegade to the Christian faith because of the good treatment received from Moslems . . . The common people said it was not necessary to capture cities for the Crusades because the Turks are better and more trustworthy than they who kept no faith with God or duty to neighbor."*

My purpose here is not to extol Islam, nor condemn Christianity. In the fullness of the story one could surely find instances of valor and debauchery on both sides. Also, it behooves us to take into account the fierce nature of Saladin the Warrior, and the grace Richard may, perhaps, have demonstrated in his better moments. Other historic episodes show Muslims as being deeply involved in the slave trade, and falling under the spell of precious metals in the course of their conquests. Neither the Christian or Muslim civilizations are bereft of shining moments, or descents into the mire. All this said, there remains an important point to be noted. That is that through what is called in the West the "Dark Ages" and "Medieval Period," there flourished in the East a superior civilization. Moreover, the West is forever indebted to that society for preserving the fruits of early classical civilization, plus

initiating great discoveries of its own. Would there even be a “Western Civilization” as we know it today without that critical service rendered by the Muslim world?

This is an important realization for our time because the era of the Crusades still holds a spell over modern worldviews, especially from the Muslim perspective. As they see it, they were the keepers of civilization until they were invaded and brutalized for no just reason. What is more, there has continued over the centuries since that time a follow-on campaign of conquest, exploitation and humiliation. The British imposed their colonial order. Other European powers made their own incursions into the area. Israel is seen as a toehold and forward base for continuing Western domination. The present military foray into Iraq and Afghanistan is only the latest chapter in the ongoing litany. Taken by itself, this may be a somewhat simplistic view of history, but it is not without merit.

Furthermore, the same monetary forces that set up the conditions for there even being Crusades in the first place are still active in the world, and are indeed driving the conflict in the Middle East today. They would have human life serve the avarice of privately-controlled money, rather than permit lawfully-issued money to serve the commonweal of humanity. The ultimate irony is that the principle by which the situation can be remedied exists at the heart of every authentic ethical and spiritual tradition, including those of Christianity, Islam and Judaism; that is the prohibition against usury [the practice of money earning money, or the forcing of life to serve money (i.e. usury, as in use-you-ery)].

In a limited sense the Crusades did accomplish their objective. That is, they did indeed break up concentration of religious and monetary power of the East, but at what terrible price in blood and horror? The betrayal of their avowed spiritual purpose, and the failure of the West to learn the monetary lessons of the early Greek and Roman experience, sent shock waves into the future that resound to this day. One can only imagine how different the world might be at present if the West had only understood its own historical contribution to monetary evolution.

## **USURY – THE MORAL DEBATE**

The destruction of the Eastern Empire precipitated a 500-year struggle for the control of the body and soul of men, as represented respectively by money and religion. The significant separation of religion and the state that had been achieved by the classic Greek and republican Roman societies was thoroughly undone in the combined 1200 year reign of the Pontifex Maximus and the Basileus. Now it was the task of Western civilization to

rediscover its own lost wisdom. Weighing-in in the argument were Church scholars known as the Scholastics, many of whom were later canonized as saints. They devoted a major share of their attention to economic matters, particularly to the questions of “just price” and “usury.” They saw as their mission the formulation of a moral code to guide the rising practice of commerce. Their primary touchstone was not the Bible, but Aristotle. “The Philosopher,” as the Scholastics reverently called him, left no doubt as to his position on usury:

*“The most hated sort (of wealth getting), and with the greatest reason, is usury, which makes gain out of money itself, and not the natural object of it . . . Wherefore of all modes of getting wealth, this is the most unnatural.”*

The practice of usury had long been condemned in mankind’s moral and religious codes, but strictly speaking the taking of interest under proper conditions had never been prohibited. The distinction between the two concepts had traditionally hinged upon whether the lender was actually taking significant risk, as opposed to reaping a guaranteed gain, irrespective of the rights or wellbeing of the debtor (by that distinction modern bank-lending practices, whereby money is commonly used to “earn” more money, would generally be characterized as usury). For those who would object that to forego a fixed return on money would be unrealistic, it should be noted that Venice had dominated Europe financially for centuries relying mainly on non-usurious financial lending practices learned from the Muslims. These included the “Societas,” whereby the lender shared in the risk, and the “Collenza,” whereby the working partner in a trading venture went to sea while the investing partner stayed home, and any profits earned were shared, but losses were absorbed by the investing partner. The idea of true partnership between finance and actual wealth creation largely became lost in the subsequent centuries as the capitalist impulse wended its way to more northerly and westerly parts of Europe, and eventually to England.

The Catholic Church was instrumental in holding back usury’s floodgates for centuries. Historian Henrie Pirenne wrote in *Medieval Cities*:

*“The scourge of debts, which in Greek and Roman antiquity so sorely afflicted the people, was spared the social order of the Middle Ages, and it may be that the Church contributed to that happy result.”*

In the end, the moral imperative could not hold, as corruption within the Church and the rise of a powerful commercial class swept away the usury prohibition. By the early 16th century the idea that a leading institution could charge “interest” had become widely accepted. As it happened, this period also saw the advent of the Protestant Reformation.

In 1517 Martin Luther posted his “95 Theses” on the door of Castle Church in Wittenburg, Germany, the act widely accredited for initiating the Protestant Reformation. The central theme of the document was to protest the sale of “indulgences,” by which the granting of forgiveness for sins had been turned into a commercial transaction. This practice also constituted a continuing transfer of wealth from its poor constituency to the already wealthy Church. Luther’s espoused blanket prohibitions against charging interest at first, then seemed to be reconciled to its reality for a time, but came back again to a simplistic denunciation of the practice. His confused views on the subject also led, it might be argued, to fits of anti-Semitism. Wrote George O’Brien in *An Essay on the Economic Effects of the Reformation*:

*“Luther tore the whole of his beautiful fabric to the ground, and carried back the teaching on usury to the primitive bare prohibition of all gain on loans, with the inevitable result that it could not be lived up to in the facts of modern life, and that it consequently fell into disrepute.”*

The influence of Calvinism dealt a final blow to the usury ban. At the moment of Luther’s momentous protest, John Calvin was a student in Paris. In diametric contrast to the Scholastic/Aristotelian view he argued, *“When I buy a field, does not money breed money?”* This, of course, overlooks the fact that; no, the life element and the human effort gives the increase, and money arises on the tide of wealth so generated. Calvin’s teachings were seductive in many ways to those who argued for the special interests of the privileged strata of society, as they were amenable to justifying any gain that could be garnered by pressing their advantage. He preached a harsh doctrine of the “*elect*”, appointed by “*(God’s) gratuitous mercy totally irrespective of human merit . . . the remainder have been consigned to eternal damnation by a just and irreprehensible, but incomprehensible judgment.*”

Repudiating the efficacy of “good works” naturally tended to break down the rampart of morality that had kept naked usury at bay. Scruples regarding the “just price” were superseded by the prerogatives of competition and the sanctity of the contract, the terms of which were often usury expressed in its most blatant form.

Capitalism became in the main cold and heartless in its practice, but clearly this cannot be attributed simply to the fallout from Church corruption and untoward impulses of Protestantism. A powerful commercial class was emerging that challenged religion for the hearts, minds, and some say souls, of men. New discoveries in science led to revolutions in many areas of life. The earth was no longer the center of the universe; nor was it flat. A rising materialism went hand-in-hand with a heightened sense of individualism. Pursuit of whatever-

benefited-oneself became more-and-more the new “standard” of conduct. Religious authority was eclipsed by secular enlightenment, sacred duty by personal freedom, and altruistic sacrifice by gratuitous consumption. Within such a turning over of the social order, it was perhaps inevitable a self-centered monetary principle would have widespread appeal. The near-absolute right of money to earn money, at whatever cost to human life, became the presiding “ethic” upon which the new economic order was based. Fortunately, the effects of naked avarice continue to be ameliorated by the efforts of compassionate souls, including religionists of every faith and humanists of every stripe.

## **CONQUEST OF THE AMERICAS**

It is likely that Columbus’s fateful voyage of discovery was largely motivated by a quest for a route to the west by which Spain could gain an advantage in the gold-and-silver trade with the Far East. “Unfortunately,” the Americas got in the way, but no matter. As it turned out there was precious metal there to be found aplenty. In Peru gold was so common that it was use for water pipes, tanks, and even planking.

The Spanish Crown was not reticent about what it wanted to get out of the expedition:

*“Get gold; humanely if you can, but at all hazards get gold.”*

Sir Arthur Helps wrote in *The Spanish Conquest of America*:

*“The first Indians he met with had some few gold ornaments about them. Poor wretches, if they had possessed the slightest gift of prophecy they, would have thrown these baubles into the deepest sea.”*

He also estimated that the native population under Spanish rule numbered some 32 million souls, but within forty years an estimated 15 million perished, mainly by being worked to death in the mines. The most notorious of these operations was the silver mine at Potosi, Bolivia, where reportedly millions perished, prompting Fray Antonio de la Calancha to record in 1638, *“Every peso coin minted in Potosi has cost the life of 10 Indians who have died in the depths of the mines.”*

The vast quantities of metal cruelly obtained made Spain wealthy, but poor. Because it relied on plunder for its livelihood and squandered the proceeds on vain extravagances, it lagged behind other European nations in the development of industry and commerce, a lapse which persisted into modern times. Moreover, while Spain fed off the hapless denizens of the Americas, its European rivals grew fat off Spanish galleons. The British Crown even granted

charters to “privateers” (essentially “pirates”) for the abject purpose of raiding Spanish shipping.

What is more, for Europe as a whole the surfeit of gold and silver was not a boon without a price. In the words of Del Mar:

*“Conquest of the New World arrested the re-growth of the classical conception of money and instead developed the feudal concept into a more monstrous form.”*

## **A BRIEF HISTORY OF ENGLISH MONEY**

England’s location as an outpost on the remote northwest fringe of Europe made it relatively less subject to the caprices of Eastern Empire, and later Papal, control. In addition, being an island nation afforded it a natural unity that was not subject to compromise by shifting frontiers. These factors translated into a degree of isolation from the monetary chaos on the continent.

After the demise of the Western Roman Empire the English economy regressed back to barter, as there was no coinage circulating for two-hundred years. The minting of silver coinage was revived under ecclesiastic control between 800 and 900 AD. In 930 a decree was issued that only one form of coinage would be acceptable for circulation in England; the silver penny. These coins fluctuated considerably in weight and fineness of metal, but were valued by the stamp of the sovereign on the coin, as opposed to the metal’s commodity value, and their trading value remained relatively constant.

Through the Medieval period the monetary power in England remained concentrated in the hands of the King, instead of being divvied up among lesser nobles, and the Crown had a history of using that prerogative in a relatively responsible manner. The result was that England suffered less trauma in its monetary life than the emerging nations on the Continent. Still, it could not remain isolated forever.

A commercial trading class arose which sought to wrest the control of the issuance and retirement of money from the Monarchy so that it might use the franchise for its own private gain based on its ability to control gold and silver stocks. A landmark in this struggle was a legal contest, the *Mixt Moneys of Ireland Case*. Queen Elizabeth I issued base-metal coinage as legal tender in Ireland in 1600, demonetizing all other coins and requiring that they be returned to the mint. When an Irish debtor attempted to pay off his loan from a London merchant in the new coinage, the merchant sued for payment in gold and silver coin.

The Irishman prevailed in court, and the decision had the effect of reinstating in the law a concept of money that had been lost since the end of the Roman republic.

The merchant class loathed the decision, and eventually influenced Parliament into passing the *Free Coinage Act of 1666*. This effectively put the money-creation-and-control power in the hands of financiers.

In 1667, Charles II countered by issuing a paper near-currency in the form of Royal *Exchequer Orders to Pay*, for the purpose of paying state expenses. These were a mere step short of being a true fiat money, as they were redeemable for coinage one year after issue by whoever held them. Had these bills been issued without the attachment to coinage, and recognized as lawful money, the English-speaking world would almost certainly have evolved in a far more salutary manner.

As it happened, Charles' *Exchequer Orders* suffered from being emitted at too high a denomination for common business, and so were not entirely successful. Moreover, his reign was crippled by an ongoing struggle with the goldsmith bankers. These goldsmiths constituted a rising monetary class that specialized in issuing receipts for people's gold held in the security of their vaults. Carrying paper was much more convenient than lugging heavy metal, so the receipts themselves came to be circulated as currency in lieu of the gold. The goldsmiths reasoned that since few receipts were actually redeemed for metal in the normal course of business, they need have on hand only a fraction of the gold backing the amount of outstanding paper at any given time. It occurred to them that they could "re-loan" the same gold to additional customers simply by printing more receipts. By this mechanism they effectively began to operate as banks-of-issue, and "fractional reserve" banking was born. Thus, there was at the root of the emergence of modern banking a fundamental fraud, but the scheme functioned smoothly as long as there was not a "run on the bank"; that is, a rush by depositors to redeem their receipts for the gold because they had lost confidence in the institution's ability to redeem them in the future.

As a sidebar to the goldsmith banker story, it bears mentioning that this group has borne a great onus in the historical reckonings of many would-be monetary reformers. It is easy to find good reason for that assessment, but the whole story is not so simple. It could be argued that they were in effect coming up with a money-creation mechanism that did in fact put a great deal of credit into circulation in an age when that was sorely needed for its own inherent reasons. They operated in a time when the society itself did not have a sufficient sense of the science of money to create an adequate system in the public sphere where it



rightly belongs (the same might be said of the situation with respect to money and banking that we find ourselves in today). Were the goldsmith simply a class of scam artists, or were they people who saw a need of the society around them and found a way, however imperfectly, to meet it? The answer is probably both, and all degrees in between. They were, after all, people. It might even be argued (or might not) that had they not initiated such a practice, the evolution of Western society would have been seriously hindered.

In assessing the monetary/economic factor it is important to take into account the entirety of influences that constitute any given situation. The question always is, in a manner of speaking, as broad and complex as life itself. The tendency in economics to isolate a single cause or a mere handful of factors, and then assume that one has a grip on the matter, is the downfall of the “dismal science” (a pejorative phrase often used by economists themselves to characterize the discipline’s dismal record of making accurate assessments). “Alternative” economists are not immune to the same failing. Economic phenomena are always human phenomena, with all the unfathomable perturbations that attend human affairs. They must be understood in the most comprehensive historical and social context possible. The answers are never as simple as identifying the “bad guys.”

Under James II (successor of Charles II), a monarchy already weakened by chronic monetary crisis and war was further crippled by religious strife. James was deposed by William III of Orange (with his wife, Mary Queen of Scots) in a coup staged from Holland in 1668 that came to be known as the “Glorious Revolution.” This move had heavy backing from the banking class in Holland, and represented in effect the relocation of the nexus of capitalist practice from tiny Holland, to the more promising city of London. The net effects were noted by Sir Archibald Alison in his History of Europe:

*“The Prince of Orange brought from the Republic of Holland where it had been already practiced and thoroughly understood the secret of governing popular assemblies and extracting heavy taxes from popular communities . . . his whole effort was directed to gain the majority of the constituencies by corruption and of votes in Parliament by patronage . . . It was then that the national debt began; and government was taught the dangerous secret of providing for the necessities and maintaining the influence of present times by borrowing money and laying its payment on posterity.”*

Historian Hippolyte Taine added:

*“William 3rd’s reign had been one long series of wars and commercial crises which had so disturbed the country . . . There is a deadness and want of spirit in the nation*

*universally . . . There was nothing to be seen but corruption in high places and brutality among the common people – a group of intriguers leading a populace of brutes.”*

## **THE BANK OF ENGLAND & THE RISE OF COLONIALISM**

The founding of the Bank of England in 1694 represented, effectively, the formal institutionalization of usury. It was chartered as a private corporation authorized to purchase bonds from the monarchy during William III’s desperate reign, in exchange for written-out-of-thin-air currency issued to the Crown. The bonds were then resold to private investors (precisely as in the Federal Reserve’s so-called “Open Market”). In the prospectus for this private company, William Patterson wrote, *“The Bank hath benefit of interest on money which it hath created out of nothing.”* Nathan Mayer Rothschild (1777 to 1836), who gained control of the Bank of England, boasted famously:

*“I care not what puppet is placed upon the throne of England . . . The man that controls Britain’s money supply controls the British Empire, and I control the British money supply.”*

The monetary system so established in England extended its hold throughout the world through the phenomenon we call “colonialism.” The object of this venture would be described by its proponents as “capital expansion,” as if it were the spreading of some kind of new wealth, but since its currency was debt-based, the essence of its game was “debt expansion.” This is typical of the corruption or outright reversal of the meaning of language that has been a constant part of the bank-money culture.

The spirit behind the banking system was not to be content with merely impoverishing England, and taking control over dirt-poor serfs. It had a bigger idea. It was no less than world domination. The common bloke in England didn’t need colonies, but he could be forced, conned or enticed into the service of empire. He could be systematically driven into debt (in much the same manner as the farmers of Greece and Rome), and then presented with the option of debtors prison or a one-way passage as a “settler” to Australia. He could be offered relief from a grim, dead-end existence in the industrial slums of England with promises of land and adventure in a new world. He could be entranced with the dreams and prerogatives of empire. In any case, the expansion impulse could be launched on the wings of debt-based money, with the imperative to “earn” the “profit” to roll over that debt and expand its principle base. The first major corporation, the British East India Company, was franchised to promote the proposition, and many more followed.

This process was repeated in similar fashion in other European centers, which in turn embarked on their own expansions, but London remained the core center of the debt-money power base, and does so to a significant extent even today. This explains how a small island nation (which was at chronically at war with even much of its own island), with a modest sized population and minimal resources could expand into a world empire. Much of this has been attributed to the British navy, but it should be noted that a navy is a capital-intensive enterprise. What is more, the ability to land a few sailors on the beaches of vast, strange, and largely inland domains, and then come to dominate them, cannot be attributed to the military advantages of a navy alone. Its real secret is the ability to entice the established native rulers with easy debt money redeemable for flashy goods and the tools of control, and then oblige them to render their fiefdoms safe for capitalist (debt) expansion, and extract the “interest” on that “debt”. The colonial army is then sent in strategically to be an enforcer of the system and a collector for its tribute. This arrangement, in modified form, oppresses the “Third World” no less even to this day.

The dynamic by which central banks extended their control is summed up by British economist Richard Douthwaite:

*“Currencies produced by one group for use by another have been instruments of exploitation and control. For example, whenever Britain, France, or one of the other colonial powers took over a territory during the “scramble for Africa” towards the end of the (eighteenth) century, one of the first actions was to introduce a tax on every household that had to be paid in a currency that the conquerors had developed for the purpose. The only way Africans could get the money to pay the tax was to work for their new rulers or supply them with crops. In other words, the tax destroyed local self-reliance, exactly as it was supposed to do . . . Very little has changed. Over 95 percent of the money supply in an industrial country is created by banks lending it into existence. These banks are usually owned outside of our areas, with the result that we have to supply goods and services to outsiders even to earn the account entries we need to trade among ourselves. Our district’s self-reliance has been destroyed just as effectively as it was in Africa, and whatever local economy we’ve been able to keep going is always at the mercy of events elsewhere, as the current world economic crisis is making too clear.”*

To be sure, the above summary is a radical contraction of history. It should be stipulated that not everything that transpired under the rubric of colonialism was ostensibly based on money per se (missionary work, for example). It should also be stated that while

much of what was done for dishonest motives, not everything was. There were many idealistic efforts (misguided or not) to bring the fruits of Western civilization to the lands and societies influenced, and there were migrations of people's to colonial lands with their own compelling reasons to seek relief from old world crowding and tyranny. A case could also be made that the cultural exchanges and transformations could have evolved in a more mutually beneficial manner. On the human level, there occurred in the course of events many instances of positive personal endeavor and bonds of affection. The historical questions raised are complex, and I will not attempt resolve them all here. The point I would make is that, however good or bad, all this occurred under the aegis of the debt-money system, and that, in turn, dominated its essential dynamic and character.

## **IMPERIALISM**

In time the colonial system outgrew its viability. With the rising nationalism and impulse to self-determination of the "third world" it became too difficult and expensive to garrison enough men with guns to impose a foreign order. The colonial powers began to "grant" the colonies their "independence," but in such a way that it left behind a ruling elite beholden to itself for its wealth, status and means to forcibly remain in power. There was, of course, much lip service about establishing "democratic governments," but the tacit purpose of such regimes was to enforce "stability" (read "suppression"), set the stage for "business expansion" (read "corporate exploitation"), and keep the world safe for "investment" (read "debt expansion").

Soon the newly independent nations were drowning in debt, one that their populations had little voice in creating, and one from which they received relatively little benefit (or worse yet, a harvest of destruction and tyranny). In actuality it was often paid back, sometimes several times over, but it could not be rolled over fast enough to overcome the snowballing "interest." So-called "restructuring" was imposed under the auspices of the International Monetary Fund (IMF) and World Bank. This meant stripping them of any remaining economic sovereignty, disowning the people of their inheritance in the land, resources and infrastructure, and reorganizing the economy as a whole to gear up for producing export crops to cash-flow the ostensible "debt."

To insure that the social, ideological and economic prostration was total, a new-world-order hegemony was enforced under euphemistic rubrics such as "freedom," "democracy," "globalism," "free trade," General Agreement on Tariffs and Trade (GATT), North American

Free Trade Agreement (NAFTA), World Trade Organization (WTO), and “capitalism.” It became unlawful for even elected officials of the world’s nations (first, second and third world included) to challenge this new order without being overruled by an extra-national tribunal, or overthrown for promoting “communism,” pursuing “unfair trade practices,” or violating “international law and order.”

If any leader of the newly emergent nations refused to go along with the program, he was imprisoned, deposed or assassinated. Better known examples are Patrice Lumumba (the Congo), Jacobo Arbenze (Guatemala), Mohammad Mossadec (Iran), Jean-Bertrand Aristide (Haiti), Salvador Allende (Chile), Jaime Roldós (Ecuador), and Omar Torrijos (Panama). The justification offered was ostensibly that these leaders were “undemocratic,” but the regimes they were replaced by were invariably far more dictatorial. At the same time other governments of the most despotic variety were winked at, “constructively engaged,” or actively supported as long as they went along with the corporate globalist program. If those installed by globalist masters dared to wander off the reservation, they were dealt especially harsh treatment. Prominent examples are Ngo Dinh Diem (Vietnam), Manuel Noriega (Panama), Saddam Hussein, or some say even Adolf Hitler. It didn’t much matter that the countries they were set up to tyrannize were brutally attacked or destroyed in the process of taking them back out. If a popular movement dared to set up anything outside the imperialist model, it was targeted for destruction (including the Sandanistas in Nicaragua, and the Castro government in Cuba). It is commonly thought that the United States lost the war in Vietnam, but the interests that promoted that war, arguably, achieved their objective because Vietnam as a country was effectively destroyed as an alternative model for development in Southeast Asia.

This litany of deceit, plunder and oppression could go on at great length. The examples that can be easily documented from the public record are legion. The historically and politically savvy among us are already aware of many specifics. While it is true that the targeted regimes often had their own egregious flaws (and laudable virtues, if the whole truth be known), that is not what put them in the crosshairs. They challenged the “money power” (the avaricious spirit that vies for the control of money), and that is the only unforgivable sin.

Were the specific rationales for the Iraq War sufficient in the aggregate to justify the military incursion? We have at this remove a preliminary benefit of hindsight on the issues as originally presented, but for the sake of argument let us go back in time to the pre-war starting point. I have to admit to having found at the start a degree of merit in most of the pro-war

assertions. Who could not, for example, fail to be moved by the suffering of the Iraqi people and their neighbors during Saddam's rule? Who could not be concerned by at least the possibility of Saddam having "weapons of mass destruction"? Who could not want him gone? The essence of the problem at hand, however, is not to narrow our field of opinion to fit within the blinders of specific egregious factors because they suit our personal bent of ideology, but rather to expand our vision to encompass the most comprehensive possible understanding of the causes within which the continuing cycles of war and oppression occur. It is only within this context that we can hope to arrest the process. It is on this basis that I stake my position on the anti-war and anti-occupation side. It is incumbent upon others to weigh the matter in their own scales, and arrive at their own conclusions.

While we of anti-war persuasion may on balance remain unconvinced by the arguments of the pro-war camp, we must keep in mind that they are not the enemy. They are fellow citizens who are speaking from their own experience, even as we are expressing ours. A more productive approach is to give advocates for nominally opposing positions their due, and seek the most transcendent understanding on the matter possible. To do that we must ascertain, not only the diversity of opinion, the breadth and complexity of the facts, and the matrix of relationships into which they fit, but also the engine which drives events. On the last count all parties, both pro- and anti-war, have largely failed. Permit me to suggest a concise historical context as follows:

*With the emergence of mankind from a Garden-of-Eden harmony, he found it necessary, seemingly, to establish artificial processes of energy and material exchange outside of the perfectly symbiotic natural state of the primordial paradise as a means to survive and manifest his independent will. This had an eminently creative potential, but also a dark one, as the devices so established could be co-opted by spiritual forces inimical to the healthy evolution of human potential. This temptation expressed itself at first by plunder, then by control of commodities used as mediums of exchange (e.g. gold and silver), and finally by the usurpation and manipulation of the abstract concept we call "Money." The method of monetary abuse is for supremely privileged and secretive interests to seize the sovereign power of money creation, and then "loan" it to the civilization it ostensibly serves on terms such that satisfaction of the resulting "debt" is virtually impossible, and further "debt" creation compounding ad infinitum is inevitable. This is rapidly evolving into an end game in which the domination of the resources and people of the planet is total, right down to the virtual hardwiring of our individual and collective mindsets so that even the occurrence of thought*

*outside of its domain is unlikely. The military incursion into the Middle East is a pivotal stage in that whole process. The agenda is world empire; the pale horse it is riding is debt-money expansion.*

Ultimately the debt-money-based globalist order will fail because it is by nature a cancer that will blindly devour the body from which it draws its sustenance. The immutable laws of nature will reassert themselves over the greedy fantasies of endlessly compounding financial usury. Furthermore, there is at the root of human nature a divine spark, a new Phoenix, which will resurrect itself regardless of how submerged our collective memory and self-realization has gotten. The only question is, “How far are we willing to travel down the road to an Armageddon before we wake up?”

If the reply is “Stop; No farther!”, where can we find the inspiration for what to do next? A clue can be found, I suggest, in the oft invoked, but long forgotten American Revolution.

## **THE REST OF THE AMERICAN REVOLUTION**

As the money power behind the Bank of England sought to spread its corporate order, there were established in North America thirteen quarreling colonies. The intent was to create a source for cheap raw materials. What it had not intended to plant were the seeds of new ideas about mankind having inalienable interests in the rights of the individual, the general welfare of the community and the sovereignty of the people. These ideas germinated in Europe, but could only exfoliate in the relative openness and opportunity of a new world. It also did not reckon with the unique contribution of the aboriginal inhabitants, nor the compounding genius afforded by the uniting of diverse cultural streams into a new nation. The upshot of all of this was that the North American colonies evolved along a trajectory that that was unprecedented in human history.

The colonists reasoned early-on that they could not prosper if they remained dependent on borrowing money from the Bank of England to carry out their commerce. They responded by creating their own money. Some was minted, but most were printed “Bills of Credit.” In fact the paper money issued by these colonies has the distinction of being the first government-authorized paper currency in the Western world, with Massachusetts starting it off in 1690. America was to become the test case for paper-money economics, and was closely watched by the rest of the world. It was an experimental effort, and had its mishaps, but the Colonies gradually became skilled in the use of paper currency. When asked about how he could explain the prosperous condition of the Colonies, Ben Franklin replied:

*“That is simple. It is only because in the Colonies we issue our own money. It is called colonial scrip, and we issue it in proper proportion to the demand of trade and industry.”*

The Crown set itself in continuous opposition to these unapproved issues and Parliament passed laws in an attempt to curb them. The Currency Act of 1764 banned the extension of legal tender status beyond certain dates, and England assumed the authority to approve or disapprove any laws the Colonies might pass related to new issues. Its foot dragging on such measures effectively deprived the Colonies of their money, and led to the first two now-uncomprehended justifications for breaking with England as set forth in the Declaration of Independence, specifically:

(1) – *He has refused his Assent to Laws, the most wholesome and necessary for the public good.*

(2) – *He has forbidden his Governors to pass laws of immediate and pressing importance unless suspended in their Operation till his assent should be obtained; and when so suspended he has utterly neglected to attend them.*

It is interesting to note that the issue of money creation was not mentioned by name in these two items. With respect to the audiences for whom it was intended, both the royal regime in opposition and the body patriotic to be roused, evidently no such explicitness was deemed necessary. The issue of money was already a firmly rooted fixture of the popular political consciousness as the matter about which all else turned. This is telling witness to how far this nation has strayed from its original inspiration, all the sophomoric patriotism of the current political ballyhoo notwithstanding.

We have been subjected to much myth making with regards to the American Revolution. Selected parts have been endlessly quoted and manipulated to promote jingoistic notions, to buttress disingenuous agendas, and ultimately to co-opt our economic and political heritage. Without sufficient historical understanding, even phrases such as “taxation without representation” and the “Boston Tea Party” have come to have a distorted meaning. Closer to the truth was Franklin when he said:

*“The Colonies would gladly have borne the little tax on tea and other matters had it not been that England took away from the Colonies (the right to issue) their money, which created unemployment and dissatisfaction.”*

Senator Robert Owen, prominent banker and the first chairman of the Senate Committee on Banking and Currency, explained that when the Rothschild-controlled Bank of England heard of the situation in the Colonies:



*“They saw that here was a nation that was ready to be exploited; here was a nation that had been setting up an example that they could issue their own money in place of the money coming through the banks. So the Rothschild Bank caused a bill to be introduced in the English Parliament which provided that no colony of England could issue their own money. They had to use English money. Consequently the Colonies were compelled to discard their script and mortgage themselves to the Bank of England in order to get money. For the first time in the history of the United States our money began to be based on debt.”*

*“Benjamin Franklin stated that in 1 year from that date the streets of the Colonies were filled with unemployed.”*

The Crown’s stonewalling of the colonist’s monetary needs also caused an open and widespread violation of the law, even by merchants and statesmen. This resulted in an effective training ground for resisting subjugation, which eventually found expression in Revolution. According to monetary historian Steve Zarlenga, *“The skirmishes at Lexington and Concord are considered the start of the Revolt, but the point of no return was probably May 10, 1775 when the Continental Congress assumed the power of sovereignty by issuing its own money.”*

Alexander del Mar stated the matter with great force:

*“Lexington and Concord were trivial acts of resistance which chiefly concerned those who took part in them and which might have been forgiven; but the creation and circulation of bills of credit by revolutionary assemblies in Massachusetts and Philadelphia, were the acts of a whole people and coming as they did upon the heels of the strenuous efforts made by the Crown to suppress paper money in America, they constituted acts of defiance so contemptuous and insulting to the Crown that forgiveness was thereafter impossible. After these acts there was but one course for the Crown to pursue and that was, if possible, to suppress and punish these acts of rebellion. There was but one course for the Colonies; to stand by their monetary system. Thus the bills of credit of this era, which ignorance and prejudice have attempted to belittle into the mere instruments of a reckless financial policy, were really the standards of the revolution. They were more than this: they were the Revolution itself.”*

There is a common “wisdom” that assumes that the eventual failure of the Continental Currency proves that such things should be left to banks. In fact, the oft-repeated phrase “not worth a Continental” arises from this period. The true story, however, indicates quite the contrary. The Continental Congress authorized and printed \$241 million, but the British

spared no efforts at trying to render it worthless by counterfeiting and distributing this amount many times over (one to two billion). They ran an ad in a British-occupied New York paper that read:

*“Persons going into other Colonies may be supplied with any Number of counterfeit Congress-Notes, for the Price of the Paper per Ream. They are so neatly and exactly executed that there is no Risque in getting them off, it being almost impossible to discover, that they are not genuine.”*

This *“unparalleled piece”* prompted George Washington to comment, *“. . . no Artifices are left untried by the Enemy to injure us.”*

In spite of this, Continental Currency continued to function reasonable well. After three years of war it was still exchanged at \$1.75 against \$1.00 of coinage. This led and exasperated General Clinton to complain to Lord Germaine, *“The experiments suggested by your lordships have been tried, no assistance that could be drawn from the power of gold or the arts of counterfeiting have been left untried, but still the currency . . . has not failed.”*

The currency did finally collapse, but not before seeing the new nation through its struggle, prompting Thomas Paine to write, *“Every stone in the bridge that has carried us over, seems to have a claim upon our esteem. But this (Continental Currency) was a corner stone, and its usefulness cannot be forgotten.”*

Americans are commonly aware that the establishment of the United States brought to the world a new type of democratic order; i.e. personal freedom under the rule of democratically determined law. What is not nearly as widely realized is that it also represented the establishment of a new economic order. It sought to secure not only freedom, but also the means to freedom; i.e. the control of its own money. **This is the all-but-forgotten rest of the American Revolution!** This was elaborated eloquently in *Harmony of Interests*, by Henry C. Cary, who was Abraham Lincoln’s economic advisor and the son of Matthew Cary, a close collaborator of Franklin and LaFayette. He stated that there are *“Two systems before the world,”* and proceeds into a lengthy delineation which concludes:

*“One looks to pauperism, ignorance, depopulation and barbarism; the other to increasing wealth, comfort, intelligence, combination of action, and civilization. One looks towards universal war; the other towards peace. One is the English system; the other we may be proud to call the American system, for it is the only one ever devised the tendency of which was that of elevating while equalizing the condition of man throughout the world.”*

And what is this “American system” compared to the “English system”? I will choose to call it “Free Enterprise” (the American way) as opposed to “Capitalism” (the Bank of England method). It is imperative that some terms be defined for purposes of this treatise:

“Monetization” is the process by which money is introduced into circulation and regulated. It is the principle that gives the physical economy a monetary dimension so that it can be readily traded. It is the essential power of sovereignty. Without it, “sovereignty” is a hollow concept.

“Usury” is the charge attached to money that is created out of thin air (by the simple mundane act of a banker writing a check) and loaned into circulation via a private banking system. Within present praxis, this applies to virtually the entire money supply. This causes a problem in that the money required to “repay” such “loans” is thereby “borrowed” into existence, but the usury (incorrectly called “interest”) attached to such transactions is not. “Interest” and “usury” are not, as commonly thought, the same essential phenomenon, only taken to different degrees. They are polar-opposite principles. The distinction is crucial.

The usury charge attached to money creation results in a “debt” of the economy as a whole to those private persons who have been awarded the privilege of creating society’s supply of money. True interest, on the other hand, is a charge attached to loans between people of money already in circulation. It does occasion a debt between people, but not of the economy as a whole to any private person or persons. To be sure, the taking of interest can still have its abuses, but one must look at the specific case to ascertain if that is in fact occurring.

“Free Enterprise” is productive economic activity when it is monetized with publicly-issued, usury-free currency that is created and issued in proportion to the needs of trade and industry. Its salient virtues include:

- Money is loaned interest-free or spent into circulation by the monetizing authority; in the American case, the United States Treasury.
- On the Federal level, taxes serve to draw excess money back out of circulation, thereby regulating the money supply. They do not “pay for” anything; the authority to monetize does that.
- Money created and loaned out of the Treasury does not require an “interest” charge to be attached, or if one is levied, the monies collected can be remitted to the Treasury, thereby defraying taxes.

- The economy as a whole remains wealthy by the sum of its actual production. The very existence of a so-called “national debt” becomes a mathematical impossibility.

- The public monetization process lends itself to a transparent, understandable and accountable exercise of national sovereignty through a democratic political process.

- It easily facilitates the increase of circulating money to match the potential of the physical economy to any degree necessary, yet it does not mandate that increase. It can just as easily be contracted as the physical economy becomes more efficient, wealthy and sustainable on a symbiotic basis.

- It is easily and fully capable of actualizing the full material and human potential of the physical economy without inflation, deflation or artificial unemployment.

“Capitalism” (as in “Money-ism”), on the other hand, is the monetization of the physical economy with privately-created, interest-bearing bank notes issued out of the Constitutional power to create money, that has been abdicated by the Federal government to a privileged oligarchy who owns and controls so-called “independent central banks.” Its defects are legion, and include:

- Money is said to be “borrowed” into circulation. The resulting “debt” cannot be fully paid back because only the principle on the “loan” is “borrowed” into existence, but the usury fee, i.e. “interest”, is not.

- The “interest” must be paid out of the principle of subsequent “loans”, so the economy becomes locked into a never-ending cycle of compounding aggregate “debt,” which, within current monetary culture, can never be repaid without extinguishing the money supply.

- “Economic growth” is reflexively touted as a mantra in order to bring new “debt-money” into the economy to roll over the old “debt,” but that also compounds the overall “debt.” It is mathematically impossible to “grow” out of the net public and private “debt” to the economy, as we are, in effect, “growing into it.”

- This compounding “debt” dominates, and eventually sucks the life out of the social/political/economic body it attaches to. The economy attempts to survive for a time by continually expanding into new areas of exploitation in search of an expanding collateral base for the “borrowing” of more money.

- Eventually the land, life and blood of the People becomes mortgaged to private “investors.” The President and entire body of elected representatives are no longer the representatives and executors of a sovereign nation that is fully able to create and issue its own money supply, but are instead relegated to being the receivers in a never-ending

bankruptcy reorganization of what is now an enterprise (called the United States), the “debt” contracts and bonds of which reside in the portfolio primarily of an international financial cartel.

Usury-based money becomes the engine that drives inflation, deflation, unemployment, environmental destruction, racism, runaway technology, colonialism, imperialism, war and the host of other ills that plague the world. It is a cancer that corrupts, masquerades as, feeds upon, and eventually destroys the freely engaged enterprise of the people. I realize that this is a sweeping assertion, but I would urge the reader to suspend judgment as the idea is fleshed out below

.I am aware that the way I am defining these terms does not necessarily conform to any orthodox usage, but I would assert that in the realm of economics and finance the language has become so corrupted, loaded and turned on its head that it has become more of a hindrance to sober thinking than a help. Still, it is what we have to work with, and the best will have to be made of the situation by systematically formulating precise definitions, drawing clear images, and exercising rigor of thought as the discussion unfolds. In particular, my definition of “capitalism” is unique, but, I would argue, logical and defensible. The crux of the problem is that, while the Eskimos reportedly have forty-nine words for snow, our language at present has only one, “capitalism,”\ to describe the myriad perturbations of the economic order that exist around the globe (especially since the demise of “socialism” and “communism”). This paucity of terms is a major impediment to any attempt at clear economic thinking.

Capitalism co-opts and distorts the common sense concepts of free enterprise such as borrowing, debt, loan, interest and many others. Within free enterprise, these practices may still exist between businesses, states, individuals and other microeconomic entities, but are no longer applicable to the Federal macro-economy as a whole. The citizenry is berated constantly in the media that the Federal government must be run according to sound “business” principles, but the Federal government is not by nature a “business.” It is ideally the sovereign macroeconomic entity within which microeconomic enterprises such as businesses operate, notwithstanding that the economy as a whole has effectively become a business in the portfolio of financial “investors” due to the abdication of the money-creation power to an international banking oligarchy. Ultimately capitalism so corrupts the language of a culture that it becomes exceedingly difficult to have a coherent dialog or even thought on

economic matters. It becomes effectively invisible as the fundamental unexamined assumptions of our thought processes surrender to its terms.

I realize that this will seem to the reader to be a startling assertion, but in my perception “free enterprise” and “capitalism” are **not** synonymous terms. Rather, they are diametrically opposed principles, and the founding of this nation and virtually all of its history, even to this very moment, is a litany of the struggle between them. I am widely read, but have never seen or heard free enterprise and capitalism concisely defined and contrasted before, the considerable passionate and erudite criticism of the present monetary system that is extant, notwithstanding.

How can this be? I believe that this collective amnesia bespeaks of the potential of the debt-based money to so dominate a culture that it effectively loses its history, identity and ability to think. “Capitalism” has been planted firmly in our heads as being a term synonymous with a “free-market economy.” A free-market economy is in truth a free enterprise economy; i.e. an economy where those who produce goods and services (along with other consumers) obtain, in the aggregate, monetary credits sufficient to buy the fruits of that production without a residual “debt” of the economy as a whole. Capitalism, in contrast, is a parasite that attaches itself to a free-market economy such that those who produce goods and services (along with other consumers) cannot obtain, in the aggregate, monetary credits sufficient to buy the fruits of that production, except by borrowing increasingly more money from the banks on an ongoing basis. Our text books tell us that the Colonies won the Revolutionary War over 200 years ago, but because we have lost sight of the monetary cause, it is still in progress with the outcome very much in doubt.

Our forbearers were not always so blind. Thomas Jefferson had this to say:

*“The Central Bank is an institution of the most deadly hostility existing against the principles and form of our Constitution . . .”*

*“I believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a monied aristocracy that has set the Government at defiance. The issuing power should be taken from the banks and restored to the people to whom it properly belongs.”*

*“If the American people ever allow the banks to control the issuance of their currency, first by inflation and then by deflation, the banks and corporations that will grow up around them will deprive the people of all property until their children will wake up homeless on the continent their fathers occupied.”*

John Adams wrote in a letter to Jefferson:

*“All the perplexities, confusion, and distress in America arise, not from defects in the Constitution or confederation, not from want of honor and virtue, so much as from downright ignorance of the nature of coin, credit and circulation.”*

## **THE NEW NATION UNFOLDS**

After a heroic War of Independence announced with a noble Declaration and guided by “founding fathers” of high principles, one might think that the establishment of a free public currency would be a foregone conclusion, but if history teaches anything it is to not underestimate the money power. While the People have on occasion arisen to great heights of purpose and sacrifice, afterwards they understandably tend to turn back to their private lives. The money power, on the other hand, never rests, leading Del Mar to observe ruefully:

*“Never was a great historical event (the American Revolution) followed by a more feeble sequel. A nation arises to claim for itself liberty and sovereignty. It gains both of these ends by an immense sacrifice of blood and treasure. Then, when the victory is gained and secured, it hands the national credit (the authority to create money) over to private individuals, to do as they please with it.”*

There were strident debates about money at the Constitutional Convention in 1787, but of the champions of sovereign currency, Paine and Jefferson were in France, and Franklin was in failing health. The result is expressed in the Constitution in what is evidently compromised language. Fortunately, it did give Congress the power to “*coin money*” and “*regulate the value thereof.*” Unfortunately, it did not delineate the power to issue money in language that was so definitive that it was beyond evasion by those in whose financial interests it was to not see in that way. As a consequence, the conflict between public and bank-issued currencies has plagued the nation throughout its history.

The first Congress lost no time in picking up on the battle. Led by the aristocratic Alexander Hamilton, it authorized in 1791 the first *Bank of the United States*. According to economics professor Murray Rothbard in *The Mystery of Banking*, it “*was deliberately modeled after the (Rothschild-controlled) Bank of England [parenthesis his],*” the very power the Revolution had fought to be free of. The irony was not lost upon Representative James Jackson of Georgia, who noted:

*“In the reign of King William, 1706, the policy of the English Parliament laid the foundation of what is called their national debt, (and that by adopting same) it may, for a*

*moment, raise our credit, and increase our circulation by multiplying a new species of currency; but it must hereafter settle upon our posterity a burden which they can neither bear nor relieve themselves from. It will establish a precedent in America that may, and in all probability will, be pursued by that sovereign authority, until it brings upon us that ruin which it has never failed to bring."*

Through an early period wracked by frequent monetary crises, the history of the new nation unfolded. In 1811 the charter for the *Bank of the United States* came up for a twenty-year renewal, but failed in both houses of Congress by one vote. In 1816, however, a second *Bank of the United States* was approved. By the time it came up for renewal, President Andrew Jackson was bitterly set against it. In fact one of his campaign slogans was, "*Bank and no Jackson, or no bank and Jackson.*" Referring to the bankers, he scolded:

*"You are a den of vipers. I intend to rout you out, and by the Eternal God I will rout you out. If people only understood the rank injustice of our money and banking system, there would be a revolution before morning!"*

He further observed:

*"The bold effort the present bank had made to control the government, the distress it had wantonly produced . . . are but premonitions of the fate that awaits the American people should they be deluded into a perpetuation of this institution or the establishment of another like it."* (the Federal Reserve is "another like it")

Congress passed a bill to reauthorize the bank anyway, but in his veto message Jackson declared:

*"But if they (the Congress) have . . . power to regulate the currency, it was conferred to be exercised by themselves, and not to be transferred to a corporation. If the bank be established for that purpose . . . Congress have parted with their power for a term of years, during which the Constitution is a dead letter."*

The battle between Jackson and the Bank was of epic proportions, and permanently transformed the political landscape. Before his presidency, politics was almost exclusively a clubby gentleman's game play out amongst the propertied class. That changed dramatically with Jackson. He found that venue entirely too dominated by the privileged interests, so he appealed directly to the people. He and those associated with his cause initiated the first mass political rallies, the modern political convention, the Democratic Party (as a spin-off from the Jeffersonian Democratic-Republican Party), and in important ways, the modern Presidency, for good or ill.



Though Jackson had turned back the Bank, he had no adequate mechanism to put in its place. His ally and successor, President Martin Van Buren, established the Treasury Department, but the monetary situation remained chaotic. There were hundreds of currencies in circulation, issued by different private banks, which were unevenly or fictitiously backed by precious metals. Banking malfeasance was rampant. Bank failures were common.

In addition, the political party founded by the Jackson/Van Buren movement began to be co-opted by banking interests. Another initiative was called for. On July 6, 1854, the Republican Party was established at a meeting in Jackson, Michigan. The name Republican was chosen because it was the unclaimed half of the Democratic-Republican moniker of Jefferson's party. Six years later, the party had its first President, Abraham Lincoln.

## **THE CIVIL WAR**

The exigencies of the Civil War demanded that some way of financing it be found. Though under great pressure to borrow money to finance the war, Abraham Lincoln instead initiated United States Notes, otherwise known as the Greenbacks, which were a Federally-issued usury-free currency. The monetary policies of Lincoln are a generally overlooked, but pivotal part of our history. Indeed, they may have been, even more than his better known proclamations, the crucial factor which allowed the Union to prevail. He had much to say regarding the public-vs.-private issuance of money which we would do well to contemplate today:

*"Money is the creature of law and the creation of the original issue of money should be maintained as an exclusive monopoly of National Government."*

*"Government possessing the power to create and issue currency . . . need not and should not borrow capital at interest as the means of financing governmental work and public enterprise. The Government should create, issue and circulate all the currency and credit needed to satisfy the spending power of the Government and the buying power of consumers. The privilege of creating and issuing money is not only the supreme prerogative of Government, but it is the Government's greatest creative opportunity."*

*"The taxpayers will be saved immense sums in interest . . . Money will cease to be master and become the servant of humanity. Democracy will rise superior to the money power."*

Congressman Wright Patman commented a century later, *"If instead of issuing 'greenbacks,' the Lincoln administration had issued the interest-bearing bonds, as urged,*

*naturally, these bonds would still be a part of the Federal debt today.”* At compounded interest the amount would be many times greater.

The significance of Lincoln’s monetary policy did not escape notice in certain European quarters, although from an entirely different perspective. There appeared in *The London Times* during the Civil War the following from Otto Von Bismarck:

*“If that mischievous financial policy, which had its origin in the North American Republic (the public issue of usury-free currency) should become indurated down to a fixture, then that Government will furnish its own money without cost. It will pay off debts and without a debt. It will have all the money necessary to carry on its commerce. It will become prosperous beyond precedent in history of the civilized governments of the world. The brains and wealth of all countries will go to North America. That government must be destroyed or it will destroy every monarchy on the globe.”*

In 1876, Bismarck explained further:

*“The division of the United States into federations of equal force was decided long before the Civil War by the high financial powers of Europe. These bankers were afraid that the United States, if they remained in one block and as one nation, would attain economic and financial independence which would upset their financial dominance over the world. The voice of the Rothschilds prevailed. They saw tremendous booty if they could substitute two feeble democracies, indebted to the financiers, for the vigorous Republic which was practically self-providing. Therefore, they started their emissaries in order to exploit the question of slavery . . . Lincoln’s personality surprised them. His being a candidate had not troubled them; they thought to easily dupe a woodcutter. But Lincoln read their plots and understood that the South was not the worst foe, but the financiers.”*

Lincoln agreed:

*“I have two great enemies, the southern army in front of me and the financial institutions in the rear. Of the two, the one in the rear is the greatest enemy.”*

In spite of not getting their way on the Greenbacks, the financiers got the *National Banking Act of 1863*. It was partly in response to a legitimate need for a formal monetary system to avoid the financial chaos the country experienced before the Civil War, but it put the money-making power in the hands of private “National Banks”, and set the stage for the monetary trauma that was to chronically distress the nation after the war. A letter written by the Rothschild Bros. of London to a New York firm of bankers in 1863 read:

*“The few who can understand the system (created by the National Banking Act) will either be so interested in its profits, or so dependent on its favors, that there will be no opposition from that class, while on the other hand, the great body of the people mentally incapable of comprehending the tremendous advantage that capital derives from the system, will bear its burdens without complaint, and perhaps without even suspecting that the system is inimical to their interests.”*

Salmon P. Chase [Secretary of State (1861-64), and Chief Justice of the Supreme Court (1864-73)] lamented:

*“My agency in promoting the passage of the National Bank Act was the greatest financial mistake of my life. It has built up a monopoly which affects every interest in the country. It should be repealed; but before that can be accomplished, the people will be arrayed on one side and the banks on the other, in a contest such as we have never seen before in this country.”*

After the Act’s passage, Lincoln echoed similarly ominous sentiments:

*“The money power preys upon the nation in times of peace and conspires against it in times of adversity. It is more despotic than monarchy, more insolent than autocracy, more selfish than bureaucracy. I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. Corporations have been enthroned, an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until the wealth is aggregated in a few hands and the republic is destroyed.”*

There was also another revealing letter (dubbed the “*Hazard Circular*”) being circulated among American Bankers by European banking interests during the Civil War concerning the new dispensation with respect to slavery. It read:

*“Slavery is likely to be abolished by the war power and chattel slavery destroyed. This, I and my European friends are in favor of, for slavery is but the owning of labour and carries with it the care of the laborers, while the European plan, led by England, is that capital shall control labour by controlling wages.”*

And so, it would seem, an attitude was afloat in banking circles that favored a transition to the more refined wage-servitude, in which the laborer was obliged to fend for his own care and sustenance without his employer having to be concerned that he had the means to do so. It was a new sort of “slavery,” without the “benefits,” if you will. This form of exploitation became common, and has persisted and grown in myriad guises until many of

the middle class, who thought they were safely past indentured servitude, are now slipping back into it via the dual agencies of falling wages and rising debt. Compounding the problem for those still struggling to extricate themselves from the residual legacy of historical slavery, the blue sky into which their upward economic and social mobility could aspire to soar is fast clouding over.

## **POST CIVIL WAR**

The post-Civil-War period was a plateau in our history. It was, in many respects, the time of our first emergence as a nation. The changes wrought, patterns formed and dynamics initiated persist in manifold forms to this day. Among other things, Americans for the first time thought of themselves in the main as one country, as opposed to a confederation of semi-autonomous states. Before the conflict, people commonly identified themselves by the state they originated from; after, they reflexively called themselves “Americans.” Before the war people would say, “*the United States are;*” afterwards “*the United States is.*” The shared crucible of the internecine struggle engendered a veritable bonding, the bitter divisions of the episode notwithstanding. This sense of kinship was incomplete, to be sure, and there were wounds to be healed. In addition, the new national identity fell short of fully including those “minorities” who were not-male, not-white, not-of-significant-means, and otherwise not-of-the-norm (which altogether constituted a great majority). Even so, a character was established from which we have evolved as a nation and a people.

The nation emerged as the purported “land of the free”, but virtual slavery masqueraded in a new guise. This lamentable irony was captured by Horace Greeley:

*“While boasting of our noble deeds, we are careful to conceal the ugly fact that by our iniquitous money system we have nationalized a system of oppression, which, though more refined, is not less cruel than the old system of chattel slavery.”*

The banks had endured a setback with Jackson’s veto of the second *Bank of the United States* and the founding of the Democratic Party. While they did succeed in temporarily breaking up the Union, the overall effort backfired, as the shared struggle forged a new national identity. What is more, the wartime Republican president had overcome that division, in large part by the introduction of a paper fiat currency which was rooted in the commonweal of the nation. The fact that this Federally-issued money functioned well and saw the country through the most extreme of exigencies “threatened” (from the perspective of banking interests) to establish a new socio/economic/political model for the future. The jig

would be up, not only in North America, but also worldwide, and the advocates for private-money knew it. Something had to be done. The first order of business in regaining the upper hand was to neutralize the two major parties as effective advocates of a sovereign public currency.

## **ASSASSINATION & CO-OPTION OF THE REPUBLICANS**

The door was opened to the possibility of recapturing the political process by the assassination of Lincoln. This nefarious deed was in fact only one part of a larger plot to murder Vice President Johnson and Secretary of State Seward also, which had the greater goal of destabilizing the federal government. Eight conspirators were eventually tried, with four receiving death sentences, and theories still abound as to who put up the money, gave the orders, and provided the necessary cover and support. It is easy to assume that it was the result of radical southerners avenging, or perhaps still trying to win, the war, though according to some historians the south increasingly saw Lincoln as their best hope in any post-war dispensation. That would, of course, not preclude that a handful of fanatics might think otherwise. Whatever the truth of the matter (and I don't here pretend to know the whole truth), the snuffing of Lincoln removed a major impediment to the bank-money agenda. Though his successor, Andrew Johnson, was committed to monetary views similar to Lincoln's, that august moral force that would set the tone for post-war reconciliation, reconstruction and reclamation of national sovereignty was no longer a part of the scene. The coup de grace came when Johnson was undermined by an impeachment attempt that he survived by only one vote. He was replaced as Republican nominee in the next cycle by the more amenable to those who favored a specie-backed currency, Ulysses S. Grant.

## **ALEXANDER DEL MAR ON BETRAYAL & CO-OPTION OF THE DEMOCRATS**

The next logical step in the destruction of the Greenback was to neutralize the Democratic Party. It had emerged as the natural ally of the People in their battle with the money power. The treacherous campaign to subvert this connection was described in detail by Alexander del Mar in his book *A History of Monetary Crimes*, as "*The Crime of 1868*." As a prominent Democrat and the organizer and director of the Bureau of Statistics (1866-1869), he was a player in the unfolding drama. His first-person account is worth relating in some detail.

The chief protagonist in the intrigue was August Belmont, who was the main Rothschild agent in America at the time. He managed to get himself ensconced in the job of Chairman of the National Committee for the Democratic Party as a reward for bailing out its beggared finances. A key conspirator was Manton Marble. He was the part owner and editor in chief of the *New York World* newspaper, which had assumed the role of unofficial voice for the Democratic Party, and champion of the Greenbacks.

At issue was the status of the Greenbacks. Banking interests wanted to portray their role as a wartime emergency measure only, and retire them as soon as possible. The plot was thickened by schemes to accomplish this on such terms as would create a windfall profit for the bankers. These primarily involved the redemption of Greenbacks for gold or coinage. The Greenbacks had functioned well, and had therefore become extremely popular with the populace, who wanted to retain them as an institution. In the short run, this threatened the financiers' windfall. In a larger sense, the essential "threat" the Greenbacks posed was the salutary example they presented. If the issuance of money as a public good based on the sovereignty and enterprise of the People were "*indurated down to a fixture*," it would jeopardize the existence of the entire bank-money scheme. The American Revolution would, in an economic sense, be consummated. The will and welfare of the people would at long last, in Lincoln's words, ". . . *rise superior to the money power*."

In concerted campaign orchestrated by Baron James Rothschild from Paris, leaders of the party were blackmailed with ruin if they opposed the bankers' will. In spite of this, on July 4, 1868 the Democratic National Convention passed a resolution which denied the redemption of the Greenbacks by anything other than ". . . *lawful money of the United States*" (i.e. more Greenbacks). Furthermore, the convention showed a determination to nominate a candidate for President who supported that very resolution; one George H. Pendleton. Amidst a bitter floor fight, and though he was leading the pack, Pendleton's name was inexplicably withdrawn on the 22nd ballot, and that of Horatio Seymour substituted in his place. Seymour was an advocate of coin redemption, and thus in line with the bankers' agenda. They managed to secure Seymour's nomination, but the rank and file on the floor remained resolute in their support for the Greenback. This created the likelihood that few Democratic members of Congress would vote for redemption by coinage even if Seymour were elected.

The bankers appeared to be checkmated, but they had already made arrangements for an ace-in-the-hole. It was in the form of Manton Marble's *New York World* newspaper, an organ which August Belmont controlled, and had foisted upon the party as its mouthpiece-of-

record. The strategic value of this asset had been further enhanced by the fact that the party leaders had been cajoled into changing the venue of the national convention from another location to New York in order to bring it more directly under the sway of this paper.

On October 15, mere days before the election, it was widely expected that the Democrats would win handily. With no warning whatsoever, the paper dramatically reversed its editorial position and recommended that the name of Seymour be withdrawn, ostensibly because the party could not win with this nominee at the head of the ticket. The campaign was thrown into chaos. A committee of high party officials convened in Washington DC, and sent messages and an emissary to New York urgently seeking verification, clarification and a rationale for the bizarre action. Their entreaties were met with contemptuous evasions, and the party was not able to recover in time for the polling date. Even so, Seymour garnered 2.6 million votes, compared to 2.9 for the Republican Grant. Upon assuming office, Grant's first act was to sign the so-called *Credit Strengthening Act*, which President Johnson had vetoed. It provided for the redemption of government bonds in gold (not Greenbacks).

## **RELIGIOUS CRUSADE AGAINST THE GREENBACKS**

The subversion of the two major political parties was only the opening salvo in a culture-wide war to undermine the monetary prerogative of the People. The assault by the financiers proceeded on many fronts, most of which focused on the destruction of the only lawful, benign and truly efficacious currency the post-revolutionary nation had yet known; the Greenback.

In the days before Madison Avenue, the heavy lifting of the public relations campaign was assumed by elements of the religious establishment working through churches and universities, especially those of the Calvinist sects. This was, no doubt, in keeping with the dictum of John Calvin himself, who had written, "*The people must be kept in poverty in order that they may remain obedient.*" Colleges in America at that time were, with few exceptions, religious institutions. At most colleges, 'political economy' was taught by clergymen as an aspect of 'moral philosophy.'

While the defense of slavery throughout the South before the war was to be expected, it was also widespread in the North, and institutions of higher learning played a prominent role. This was instrumental in creating the political climate in which the banker-instigated breakup of the Union was possible. After the war this mindset morphed into a bizarre "Christian" fetishism about the sanctity of gold and silver. Secular lucre (i.e. the Greenbacks)

was railed against as a form of demonology, while the supposedly solid virtue of the banking establishment was apotheosized as the guardian of financial probity. Such dubious spiritual exhortations softened the memory, wit and character of the public sufficiently for the money-power agenda to move ahead. Ministers, professors and financiers joined in a concerted effort to once again deny the nation its sovereign right to its own money.

## **BANKERS' CAMPAIGN TO DESTROY THE GREENBACKS**

While the *National Banking Act of 1863* did restore the power to issue new money to the banks, it did not put it under authority of one central bank. Consequently, as the nation expanded by leaps and bounds, much banking activity grew up outside the control of big money interests. To consolidate their hegemony, a campaign to retire the Greenbacks, demonetized silver and corner the gold market was initiated. As a result the money supply was sharply curtailed, and a period of contracted credit and deflation ensued. This caused great economic distress in the rural areas, in newly burgeoning industries, along the rapidly expanding frontier, and for anyone who was obliged to pay back a debt with increasingly scarce dollars. The late 19th century was wracked by periodic banker-engineered "panics," for which these same parties presented themselves as the solution.

There are a number of landmarks in this litany that bear mentioning. The effort to trash the Greenbacks and demonetize silver was designed to bind the American dollar exclusively to gold, which was largely in the possession of European bankers, and would have to be borrowed from them to even have a money supply. Besides the obvious profit-taking involved, the overarching purpose was to effectively return the control of the fledgling nation back to the monetary interests that had always conspired to keep it in debt. It should be noted that the conspiracy to demonetize silver was not strictly an American affair, but a worldwide initiative that decimated even Japan. In the words of the U.S. Treasury Secretary, John G. Carlisle:

*"The conspiracy . . . formed here and in Europe to destroy . . . from three-sevenths to one half of the metallic money of the world, is the most gigantic crime of this or any other age."*

One feature of this campaign was the deftly crafted coup that banned the coinage of silver dollars, in a bizarre incident that Del Mar described as "*The Crime of 1873.*" It was accomplished with such stealth, via two bills with dovetailing language, that virtually no public official was aware of it for almost two years, not even President Grant who signed it into law.



The specific intention or effects of the legislation did not become generally known to the nation until it was revealed in a letter to the editor in the Boston Globe in March 1876, after which it exploded into a national scandal. Outrage over the incident vented in public debate that lasted well into the 1890's.

One effect of "the crime" was to exacerbate a financial collapse that had begun in the fall of 1873, ostensibly triggered by speculation in railroad stocks. In response, a bill was passed by Congress in April 1874 which would have increased the supply of Greenbacks and national bank notes in circulation. President Grant vetoed the bill, an unpopular move that contributed to the Republican loss of the control of Congress in the elections of 1874. The resulting lame-duck session enacted the "*Resumption Act*" to redeem Greenbacks in gold. There was so much public resentment about the Act that it was nearly repealed by Congress in its 1876 session, failing to pass by one vote in the Senate. The Act was a bust anyway, as people almost universally declined to turn in their Greenbacks when the day arrived.

In 1878 a bill was passed to re-monetize silver, over President Hayes' veto. It was a relatively benign measure since the silver to be monetized would come from American mines. A later measure would cause \$378 million in new silver dollars to be coined, which was nearly the number of Greenbacks in circulation. The problematic aspect of the re-monetization initiative came in 1890 with the passage of the *Sherman Act*, which required the government to purchase on a monthly basis far more silver than American mines could produce. The only way it could be satisfied was to buy from Europe's recently de-monetized hoards. This developed into a shell-game in which silver was bought with Treasury notes, which the Europeans redeemed for gold, which then had to be borrowed back at interest to maintain the redeemability of the notes. The American public was thereby fleeced for millions of dollars. This act was repealed in 1893. One feature of this campaign was the deftly crafted coup that banned the coinage of silver dollars, in a bizarre incident that Del Mar described as "*The Crime of 1873*." It was accomplished with such stealth, via two bills with dovetailing language, that virtually no public official was aware of it for almost two years, not even President Grant who signed it into law. The specific intention or effects of the legislation did not become generally known to the nation until it was revealed in a letter to the editor in the Boston Globe in March 1876, after which it exploded into a national scandal. Outrage over the incident vented in public debate that lasted well into the 1890's.

## EMERGENCE OF THE POPULIST MOVEMENT

Having been thwarted in their attempts to work through the major parties, many supporters of lawful United States currency formed splinter parties, the rallying cries of which became “Greenbackism” and “Free Silver.” These, in turn, formed the political core of the “Populist” movement. It is difficult for the present-day citizen to realize just how important monetary issues were to the electorate. The scourge of late 19th century deflation caused Benjamin Anderson, an early 20th century theorist, to observe:

*“Nor is the tremendous agitation over bimetallism, involving a literature so great that no man could dream of reading it all, involving great political movements, presidential campaigns, great congressional debates, repeated legislation, international conferences, etc. for 20 years, to be explained on any other ground than that the world felt practical, important, and unpleasant effects on industry and trade from the inadequacy of the money supply.”*

The upshot of the co-option of the major parties, and subsequent attempts to address it by third parties, was that the political will for genuine monetary reform was hopelessly splintered and confused. The sentiment for the monetization of silver on the part of many populists was an understandable response to the draconian contraction of a money supply limited by gold, but it also partook of some of the same defects in definition and function that plagued the yellow metal. The movement was obsessed with the monetization problem, but did not understand money well enough. As a fractured pro-Greenback majority grew, the Republicans supported the bankers, the Democrats were co-opted, and not surprisingly, bank notes again gained ascendancy as currency. There were, however, prominent dissenting voices even within the major parties. Republican President James Garfield declared:

*“Whoever controls the volume of money in any country is absolute master of all industry and commerce . . . And when you realize that the entire system is very easily controlled, one way or another, by a few powerful men at the top, you will not have to be told how periods of inflation and depression originate.”*

Three-time presidential candidate for the Democratic Party, Williams Jennings Bryan, declared in his famous Cross-of-Gold speech:

*“The gold standard has slain its tens of thousands. If they ask us why we do not embody in our platform all the things that we believe in, we reply that when we have restored the money of the Constitution, all other necessary reforms will be possible, but until this is done there is no other reform that can be accomplished.”*

And concluded:

*“Having behind us the commercial interests and the laboring interests and all the toiling masses, we shall answer their demands for a gold standard by saying to them, you shall not press down upon the brow of labor this crown of thorns. You shall not crucify mankind upon a cross of gold.”*

## **FARMERS & LABOR GET ORGANIZED**

The Grange movement was successful in bringing about measures to regulate monopolistic railroad and grain warehouse practices. In addition, the birth of the cooperative extension service, rural free mail delivery, and the farm credit system (a network of borrower-owned cooperative lending institutions and related service organizations) were largely due to Grange lobbying. It joined forces with the Knights of Labor, which were founded in 1869, and grew into one of the most influential labor organizations of the 19th century. Together they became the champions of “progressive era” causes, which included the demand for an end to child and convict labor, equal pay for women, a “progressive income tax,” and the cooperative employer-employee ownership of mines and factories.

Perhaps the most important initiative to emerge out of the Grange was the Farmer’s Alliance, a movement designed to help farmers bring their product to market at a fair price by forming agricultural cooperatives that would eliminate the middleman. Their most notable proposal was the *Subtreasury Plan*. This called for the establishment of federal warehouses for storage of nonperishable crops so that they could be released to the market in a gradual way that didn’t undercut prices. Farmers would pay nominal charges for handling, storage, and insurance. In addition, they would be allowed to borrow up to 80 percent of the local market price on the products deposited, while the annual interest rate on these loans would be held to 2 percent or less. The program would be funded with newly-printed money, until the volume of circulating currency reached fifty dollars per capita, a volume associated with the prosperous war years.

The *Subtreasury Plan* failed to be enacted in the late 19th century “populist” era, but it did serve as a model for the WWII farm-parity legislation (describe below) that was instrumental in pulling the economy out of the Depression, financing WWII, and setting up the United States as the preeminent “superpower.” It also represented an advancement in monetary thinking, in that the issuance of new money would be coordinated scientifically with the actual production of the land and labor, with due consideration being given to assure the

producer a price for his product that would cover his production costs, yield a profit sufficient to pay his living expenses, and provide the seed money for another round of production.v

## **MANIFEST DESTINY**

The newly rejoined Union expanded westward under the banner of “Manifest Destiny.” It was a period known for inhumane disregard for the aboriginal inhabitants that were deemed to be in the way. I would assert that this was not an inherent result of the American Revolution, but rather an aberrant dynamic that violated it in form and spirit. While it was true that the nation was destined to unfold westward in ways that would cause transcendent changes, it was also founded on inspired principles in large part inherited from its aboriginal inhabitants and the more inspired contributions of its diverse immigrant cultures.

A more fitting model for its inception might be the Quaker vision of a “Holy Experiment,” as established by William Penn, the founder of Philadelphia and the Pennsylvania Colony. The King had granted Penn the land, but he still treated the native inhabitants as the legal owners, and purchased it from them at fair market value. Penn established no forts or garrisons, and resorted to no violence in staking his claim. The Quakers regarded the red men as brethren who worshiped the same Great Spirit. The result was the “Long Peace” that endured for 70 years, and was undisturbed by hostility or armed conflict. The Quaker Colony initiated many of the practices that were to become hallmarks of the ethos that makes us proud to distinguish ourselves as Americans. This included a proactive open-door immigration policy, an extraordinary welcoming of religious diversity, a self-image as a “melting pot” of disparate peoples, free tracts of land to immigrants (thus pioneering the policy of “homesteading”), free public education, an elected government, and the first written constitution with provisions for an amendment process. The Quaker experiment greatly influenced later personages who were seminal in the founding and shaping of the new nation, including Ben Franklin and Ralph Waldo Emerson.

Other streams of culture and creativity which originally or eventually augmented this founding impetus included the contributions of Africans, Hispanics, Scots and Irish, mainland Europeans, Asians, Jews, Muslims and others. In addition there arose in virtually all areas of creativity and endeavor a spirit and genius that seemed to arise essentially from the American soil itself. All this combined in an alchemy that produced a rich and robust culture, one which virtually all parts of the world find enticing. Potentially, America is truly a “city on the hill.” This opens up the possibility of a whole new, or should we say lost, vision for this country that is

outside the purview of this treatise. It is a story of immense beauty and power, but it is yet to be fully told.

The perverse chapters in the unfolding of the America's "Manifest Destiny" were not so much a result of any genetic evil nature on the part of immigrant settlers as they fled the tyranny of the "Old World" to find life in the "New," but was more a product of the lust for precious metals (gold especially), and the injection of European bank-money which financed the Robber Barons as they pushed their relentless rails, concomitant enterprises, venal politics, and racist doctrines across the land. Corrupt money dominated the dynamic and character of the westward growth, much as for the colonial expansion in the rest of the world.

## **THE FEDERAL RESERVE ACT**

The half-dozen or so banker-caused financial "panic" since the Civil War occurred in 1873, and provoked a public outcry for monetary reform. In response, Congress established the National Monetary Commission in 1908, naming to it a number of representatives of the international banking establishment. They toured Europe for two years at taxpayer's expense, and then held a super-secret meeting at Jekyll Island, Georgia at a hunting club owned by J.P. Morgan (the main representative of the Rothschild bank in America). Years later when the meeting was public knowledge, the *New York Times* noted that "*One-sixth of the total wealth of the world was represented by the members of the Jekyll Island Club.*" Among the five people present were Senator Nelson Aldrich (maternal grandfather of Nelson Rockefeller), and Paul Warburg, a German banker. It was there that the essence of what later became the *Federal Reserve Act* was formulated. It was authored mainly by Warburg, but was represented to Congress as the Aldrich Bill. It was defeated in 1911, in part due to the promise of a veto by President Taft. The bankers then induced Theodore Roosevelt to enter the next Presidential contest under the so-called Progressive "Bull Moose" Party, thus splitting the Republican vote and insuring Taft's defeat.

This set the stage for the passage of the *Federal Reserve Act*. It appears that the defeated Aldrich bill was repackaged with minimal modifications and reintroduced as the Glass Bill, after Chairman of the House Banking and Currency Committee, Carter Glass. The issue was joined in a momentous contest. Glass commented that "*nothing in (President) Jackson's battle against the U.S. Bank Charter*" surpassed the intensity of the battle over the Federal Reserve Bill. The Bankers were publicly against it, but that was a PR ploy

orchestrated by the money-power interests behind the scenes, and designed to dupe the public into thinking that it was inimical to the interests of the hated Wall Street bankers.

The opposition to the bankers' agenda by champions of a stable public currency was passionate and principled, but divided. They held differing views on whether the bill as proposed would give the bankers the balance of power they so much dreaded. Representative Charles Lindbergh, Sr. of Minnesota and Senator Elihu Root of New York both opposed the bill, but Senate Banking Committee Chairman Robert Owen, then Secretary of State William Jennings Bryan, and President Woodrow Wilson each supported it.

Central to the story is the role of the President. By most accounts he was a decent and well-meaning man, but in the condescending words of J. Laurence Laughlin (the University of Chicago professor who was chief propagandist for the Aldrich bill), *"It goes without saying that . . . Mr. Wilson was not an expert on money and banking."* He was besieged on all sides, but he had his principles and held his ground. In one famous incident, Chairman Glass pressed Wilson to appoint at least minority banker representation on the Federal Reserve Board. As Senator Owen tells it, *"After a discussion of two hours, approximately, the President coincided with my contention that the Government should control every member of the Board on the ground that it was the function of the government to supervise this system, and no individual, however respectable should be on this Board representing private interests."* Undaunted, Glass led a delegation of bankers to the White House to protest the President's decision. Wilson asked them, *"Will one of you gentlemen tell me in what civilized country of the Earth there are important government boards of control on which private interests are represented?"* After what Glass described as a *"painful silence,"* Wilson continued, *"Which of you gentlemen thinks that railroads should select members of the Interstate Commerce Commission?"* Glass later admitted, *"There could have been no convincing reply to either question."*

On June 23, 1913, the President made clear his intent to a joint session of Congress:

*"And the control of the system of banking and of issue which our new laws are to set up must be public, not private, must be vested in the Government itself, so that the banks may be the instruments, not the masters, of business and of individual enterprise and initiative."*

There was a large contingent in Congress who supported Wilson's sentiments, but were opposed to the bill because they feared it gave the bankers enough leverage to take

over the system. Congressman Lindbergh, leader of the opposition in the House, declared in a speech from the floor:

*“This act establishes the most gigantic trust on earth, such as the Sherman Antitrust Act would dissolve if Congress did not by this act expressly create what by that act it prohibited. When the President signs this act the invisible government by the money power, proven to exist by the Money Trust investigation, will be legalized.”*

*“The greatest crime of Congress is its currency system. The schemiest legislative crime of all the ages is perpetuated by this new banking and currency bill”.*

In the Senate, Elihu Root gave a widely acclaimed three-hour speech, that even Glass admitted was the most memorable part of the debate, in which he reasserted the Constitutional duty of the Congress to control the currency, and objected that Section 16 of the Act delegates an unlimited power to issue currency to the Federal Reserve Board of Governors.

Notwithstanding strong and eloquent opposition, the *Federal Reserve Act* passed and was signed by Wilson into law on December 23, 1913 (a Christmas-impending time chosen, evidently, to insure that many members in opposition were not present). A new era in American history had begun. By this act the Congress had officially abrogated its Constitutional legislative responsibility to create money to a private corporation. This is confirmed years later, in 1957, in an illustrative exchange between Bruce Spence, chairman of the House Banking and Currency Committee, and William McChesney Martin, chairman of the Federal Reserve Board of Governors:

*Chairman: When we delegate power to an agency, without any standards or limitations or definitions or restrictions, it is a legislative power that we delegate.*

*Mr. Martin: That is what I conceive . . .*

*Chairman: We have delegated that to the Federal Reserve*

*Mr. Martin: That is correct, sir.*

*Chairman: Without restrictions or standards.*

*Mr. Martin: Oh, yes, indeed.*

I would argue that “Federal” and “Reserve” are deceptive terms that mask the true nature of the institution. They would be more accurately translated “Private” and “Corporation.”

It wasn’t long before those who had supported the *Federal Reserve Act* began to have doubts. In 1916, Wilson lamented:

*"I have unwittingly ruined my country . . . A great Industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the Nation, therefore, and all our activities are in the hands of a few men . . . We have come to be one of the worst ruled, one of the most completely controlled and dominated Governments in the civilized world – no longer a Government by free opinion, no longer a Government by conviction and the vote of the majority, but a Government by the opinion and duress of small groups of dominant men."*

William Jennings Bryan wrote:

*"That is the one thing in my public career that I regret – my work to secure the enactment of the Federal Reserve Law."*

Senator Owen said:

*"The people did not know the Federal Reserve Banks were organized for profit-making. They were intended to stabilize the credit and currency supply of the country. That end has not been accomplished. Indeed, there has been the most remarkable variation in the purchasing power of money since the System went into effect."*

Even Carter Glass eventually had second thoughts, ruing in 1938:

*"I had never thought the Federal Bank System would prove such a failure. The country is in a state of irretrievable bankruptcy."*

During the 1920's Henry Ford and Thomas Edison teamed up to express their views on the monetary system. One particular proposal was that the government should issue currency rather than bonds to finance the huge Muscle Shoals nitrate plant in the Tennessee River Valley. Among quotes attributable to Ford are:

*"The function of money is not to make money but to move goods."*

*"The youth who can solve the money question will do more for the world than all the professional soldiers of history."*

*"It is well that the people of the Nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning."*

Thomas Edison captured the matter with such masterly good sense that he is quoted below at some length:

*"If our nation can issue dollar bond, it can issue a dollar bill. The element that makes the bond good makes the bill good, also. The difference between the bond and the bill is that the bond lets the money broker collect . . . whereas the currency pays nobody but those who contribute . . . in some useful way."*



*“If the Government issues a bond, it simply induces the money brokers to draw \$30,000,000 out of the other channels of trade . . . if the Government issues currency, it provides itself with enough money to increase the national wealth . . . without disturbing the business of the rest of the country. And in doing this it increases its income without adding a penny to its debt.”*

*“. . . it is the people who constitute the basis of government credit. Why then cannot the people have the benefit of their own guilt-edged credit by receiving non-interest-bearing currency . . . instead of bankers receiving the benefit of the people’s credit in interest-bearing bonds?”*

*“If the United States Government will adopt this policy of increasing its national wealth without contributing to the interest collector – for the whole national debt is made up of interest charges – then you will see an era of progress and prosperity in this country such as would never have come otherwise.”*

*“And it is the control of money that constitutes the money question. It is the control of money that is the root of all evil.”*

*“There is a complete set of misleading slogans kept on hand for just such outbreaks of common sense among the people. The people are so ignorant of what they think are the intricacies of the money system that they are easily impressed by big words. There would be new shrieks of ‘fiat money,’ and ‘paper money,’ and ‘greenbackism,’ and all the rest of it – the same old cries with which the people have been shouted down from the beginning.”*

*“Ford’s idea is flawless. They won’t like it.”*

## **THE GREAT DEPRESSION**

Monetary mismanagement in the twenties led to depression in the thirties. Some say that bankers conspired to cause and prolong the Great Depression. There is likely some truth in this, but the whole story is surely more complex. This was a watershed historical period. To make a very long story very short, now that the bankers had the *Federal Reserve System*, it was in their interests to drive world events in such a way that the physical economy was vastly expanded and a huge debt bubble was created. Then at an optimum time, the whole thing was foreclosed upon by calling in old loans and refusing to grant new ones, so that the pieces could be picked up by the only people that had money, i.e. those with the power to create it. This was predicted by Congressman Lindbergh when he warned of the *Federal Reserve Act*, *“The new law will create inflation whenever the trusts want inflation . . . they can*

*unload the stocks on the people at high prices during the excitement and then bring on a panic and buy them back at low prices . . . the day of reckoning is only a few years removed.*" It turned out to be October 24, 1929, to be precise.

As initially implemented, the *Federal Reserve Act* was a compromise that did not give the bankers the degree of power they wanted. Building up the economy, and then breaking it would give them the leverage to secure that power, and then reshape it according to their purposes. Part of that reshaping was to destroy the ability of American industry and agriculture to be largely self-sufficient as it had traditionally been, and then make it dependent on foreign markets. This, in turn, created the long term possibility of recasting it into a tool of capital expansion and military enforcement, much as had been done with the British Empire (The push for preemptive war in the Middle East is, arguably, a step in that process). The critical point to realize is that the Great Depression was in part not the accidental result of some purported "business cycle." This was echoed by Louis McFadden, Chairman of the House Banking Committee during the Crash, "*It was not accidental. It was a carefully contrived occurrence . . . The international bankers sought to bring about a condition of despair here so that they might emerge as rulers of us all.*"

The overall form of that control was outlined by Dr. Carroll Quigley (Bill Clinton's mentor while at Georgetown University). He wrote that their goals were, ". . . nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole . . . controlled in a feudalist fashion by the central banks of the world acting in concert, by secret agreements arrived at in frequent private meetings and conferences."

The details of the Depression, of course, are many, complex and subject to various interpretations, but in broad strokes the crime was played out, in my view, as follows. The First World War was promoted and expanded to create a need for financing on a vast scale. When the lend-lease arrangement with the British and French was deemed in jeopardy due to the precarious military situation of the Allies, and not fully exploited as an engine for war industry profit and bank-money debt expansion, it was determined that the US was to be drawn into the war. President Wilson was intensely pressured and manipulated, and the passenger liner *Lusitania*, with 197 Americans aboard (128 perished), was loaded with munitions, and, according to compelling circumstantial evidence, set up to be sunk to create a pretext.

To facilitate war debt repayment and expand the physical economic base, the money supply was vastly inflated through the so-called Roaring 20's. It was then severely contracted (i.e. loans were called in) to insure a collapse of the speculative debt bubble. As financing was withheld and industries fell into default, they were then repossessed at fire-sale prices. The economy was broken of its self-sufficiency. Christopher Hollis, British economist and guest professor at Notre Dame University, stated:

*"American manufacturers were not pleased with the idea of chasing markets as long as parity in all sectors created the needed purchasing power to consume the production. It thus became necessary to break the purchasing power of the American dollar, so that manufacturers would have to hunt for foreign markets. Once the Federal Reserve was safely installed, this objective was reached via the 1930's depression."*

Senator Owen gave his version of the story before the House Committee on Banking and Currency in 1938:

*"I wrote into the bill which was introduced by me in the Senate on June 26, 1913, a provision that the powers of the System should be employed to promote a stable price level, which meant a dollar of stable purchasing, debt-paying power. It was stricken out. The powerful money interests got control of the Federal Reserve Board through Mr. Paul Warburg, Mr. Albert Strauss, and Mr. Adolph C. Miller and they were able to have that secret meeting of May 18, 1920, and bring about a contraction of credit so violent it threw five million people out of employment. In 1920 that Reserve Board deliberately caused the Panic of 1921. The same people, unrestrained in the stock market, expanding credit to a great excess between 1926 and 1929, raised the price of stocks to a fantastic point where they could not possibly earn dividends, and when people realized this, they tried to get out, resulting in the Crash of October 24, 1929."*

When the Depression hit, the battle over banking law was again joined in Congress. Louis McFadden of Pennsylvania, Chairman of the House Banking and Currency Committee for ten years, held forth in a speech from the floor:

*"Some people think the Federal Reserve Banks are United States Government institutions. They are not Government institutions. They are private credit monopolies which prey upon the people of the United States for the benefit of themselves and their foreign customers; foreign and domestic speculators and swindlers; and rich and predatory money lenders . . . there are those who send money into States to buy votes to control our legislation; and there are those who maintain an international propaganda for the purpose of*

*deceiving us and of wheedling us into the granting of new concessions which will permit them to cover up their past misdeeds and set again in motion their gigantic train of crime.”*

Despite such sentiments, the bankers were granted new concessions, most importantly the official sanctioning of the so-called *Federal Open Market Committee (FOMC)* in the Banking laws of 1933 and 1935. This change was the main feature in what Congressman Wright Patman of Texas, for forty years member of the House Banking and Currency Committee and chairman for twelve (1963-75), called the “*power revolution.*” The bankers thereby established the mechanism for money creation through bond sales in a rigged market.

Much like the words “Federal” and “Reserve,” “Open Market” is a euphemism for something else. In the words of Patman, “*The ‘open market’ is in reality a tightly closed market.*” This is a secretive cabal of authorized bond dealers that is in cahoots with each other and the Treasury Department, and has staunchly resisted letting any light in on their dealings. Its routine operation is described by Patman:

*“The Treasury determines each week how much money it will need during the following week and notifies the manager of the open market account. All interested parties . . . are notified and bids are made on Monday. On the following Tuesday the Treasury announces to whom the securities are sold. Generally speaking, the sale is to the highest bidders. The . . . bond dealers are in constant contact with each other and know long before Tuesday who got the bid. . . . The practical effect of requiring all purchases to be made through the open market is to take money from the taxpayer and give it to these dealers.”*

This last sentence was echoed by former Fed chairman Marriner Eccles when he conceded, “*The only effect the provision (for the FOMC in the 1935 bank reform bill) has in practice . . . is to make it necessary for the Reserve banks to pay commissions to brokers.*”

One thing the Depression accomplished (albeit at a terrible price) was to wipe out a lot of unsupportable debt paper. In a limited sense the economy had a chance to start over. Money was re-injected into the economy through make-work projects, such as the Works Progress Administration (WPA), Civilian Conservation Corp (CCC), and Civil Works Administration (CWA). Farms were improved and re-monetized at par through the Resettlement Administration of 1935, the Bankhead-Jones Farm Tenant Act of 1937, and the Farm Tenant Purchase Program.

While the bankers got their “bank reform bill,” the political climate was contentious, and no one group got everything. It was a period of intense activism by the agricultural, veteran and labor sectors.

Perhaps the most positive development was the *Agricultural Adjustment Act of 1933*. Its stated purpose was in part to rectify a monetary imbalance which “*has largely destroyed the purchasing power of farmers for industrial products, has broken down the orderly exchange of commodities, and has seriously impaired the agricultural assets supporting the national credit structure,*” by restoring the purchasing power of the agricultural sector to what it experienced in a base reference period in which the economy was considered to be structurally sound. The period chosen was from August 1909 to July 1914 (which is, interestingly, the half decade immediately preceding the implementation of the *Federal Reserve Act*). Among the actions authorized by the Act were price support measures, production controls, protection from unfair foreign competition, improvement and re-monetization of farm assets with realistic loans, debt reduction and foreclosure protection.

Of particular interest was Part 8, whose opening section reiterates the Constitutional power of the government “*To Coin Money and to Regulate the Value Thereof.*” It specifically directs the President to take whatever additional measures he deems necessary to protect the par value of the currency of the United States, and further states in Sec. 43, Par. (b) that if he is unable to secure the cooperation of the Federal Reserve Board, or for any other reason determines that additional measures are required, he is specifically authorized:

*“To direct the Secretary of the Treasury to cause to be issued in such amount or amounts as he may from time to time order, United States notes, as provided in the Act entitled “An Act to authorize the issue of United States notes and for the redemption of funding thereof and for funding the floating debt of the United States,” approved February 25, 1862 [Lincoln’s original “Greenback” act] . . . but notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligation to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States: Provided, That when any such notes are used for such purpose the bond or other obligation so acquired or taken up shall be retired and cancelled.”*

Taken to its logical conclusion, the effect of this act is to specifically authorize, and indeed direct, the President to redeem Federal bonds with currency as they come due if a stable and full-value currency is not achieved under the auspices of the Federal Reserve. It outlines the beginning of a process whereby the Federal Reserve System could be replaced

with a usury-free public currency. It is still the law of the land. Obviously it has not been enforced.

A grassroots effort that got mixed results was the Bonus Army movement. Following World War I, in a pang of conscience Congress decided to retroactively adjust the pay of soldiers who had served, by issuing delayed compensation certificates to be paid off in cash when the veteran reached a certain age. In the Depression, these same veterans found themselves serving unwillingly in a great army of the destitute. By the summer of 1932, they had organized themselves into squalid shantytowns, dubbed "Hooverilles," in cities all across America, including Washington DC. On the pretext of restoring public order, army units commanded by later war icons Douglas MacArthur, George Patton and Dwight Eisenhower forcibly dispersed these communities in the nation's Capitol. In response, Congress passed the *Patman Bonus Bill* in 1936 which caused the certificates to be paid in August 1936. This was intended not only to bring much needed relief to the veterans themselves, but also to inject several billion dollars of spending power into the American economy. Congressman Patman, for several years puzzled as to why this increased injection of cash seemed to have virtually no effect on the economy, inquired of the matter. He discovered that in June 1936 the Federal Reserve Board of Governors had contracted the money supply by almost the same amount of the bonuses in ostensible anticipation of the inflationary effects of the veteran's windfall. That contraction, in turn, contributed to the dip of the already cash-starved economy into the relapse of 1937-38.

Organized labor was more successful. In the culmination of heroic activism in an extreme time, they were successful in enacting the *Fair Labor Standards Act of 1938*. It established standards concerning minimum wage, overtime pay, child labor protection, and discrimination on the basis of gender. The net effect was to force the corporations and their banking sponsors to concede a degree of respect to those who labor, and to put more money into their pockets. The Act has since been modified numerous times, but remains the basis for labor relations today.

## **WORLD WAR II & THE "PARITY DOLLAR"**

By the end of 30's war clouds were on the horizon, and there was a pressing need to reactivate the economy. A return to something approaching sound monetary basics was required. The cruelly restrictive monetary policy of the bankers was relaxed in '39 and '40, as

economic expansion was needed to fully exploit the profit-making potential of the expanding world conflict, and indeed save the system itself.

In addition, by 1942, three representatives of the National Association of State Agricultural Commissioners, Carl Wilken, Charles B. Ray and Dr. John Lee Coulter, who together gave more testimony to various committees of Congress than all other non-governmental witnesses combined, were instrumental in the adoption of the *Steagall Full-Parity Amendment to the Stabilization Act of 1942*. It provided, by loans and other mechanisms, that 45 raw materials, including the 25 most basic agricultural products, be supported in the market at 90 to 110 percent of parity. This was implemented through a program of production management, government storage paid by producers, and loan guarantees. These were essentially the same measures as advocated in the *Subtreasury Plan* of the Farmers' Alliance. In principle, they partook of the wisdom of Solon the Reformer in and ancient Athens when he decreed that farm commodities be linked to floor prices to keep farmers on the land and solvent, thereby providing a material, monetary and human foundation for the economy. In addition, wages, salaries and profits to key war industries were guaranteed, and excessive import competition was cut off by the war.

The net effect of all this was to put the United States currency back on a sound basis, and inject enough of it into the economy to reactivate its potential. What could well be called the "*parity dollar*" (my term) was effectively backed with real commodities that were fairly priced, and a national income adequate to complete the economy's market cycle was guaranteed. Unwisely, bonds were still issued, but the interest rate was held to approximately one percent for the duration of the war, so their effect was minimized and put off to the future. For the decade of the '30's, the country was hardly able to buy even its own food, but suddenly it had the money to fight a world war, supply its allies with their wherewithal, go through a massive demobilization, fund the GI Bill and Marshal Plan, and emerge as the strongest power on earth. Truman even balanced several of his budgets.

For the third time in its history, the return to free enterprise monetary basics had saved the nation. Unfortunately, we don't sufficiently understand our history. Written into the legislation that had reinvigorated the currency was a sunset clause that would cause it to be terminated two years after the President declared the war emergency to be ended. By this, the *Stabilization Act* would have been retracted on December 31, 1948. It remained in effect, however, until 1953 due to efforts of some of the wiser legislators, and to cover the Korean War emergency.

## **MAYFLOWER HOTEL (1947) – THE EMPIRE STRIKES BACK**

There occurred at the Mayflower Hotel in Washington, DC in late 1947 a conference that represented in the economic sense the high-water mark of the American Revolution, but also a catastrophic turning back of this nation's destiny. Math Dahl, vice-president of the *National Association of Commissioners, Secretaries and Directors of Agriculture (NASDA)*, called a meeting to explain the principles of parity economics upon which the *Steagall Amendment* had been based. Over 300 people showed up, most of them Congressmen, Senators and executive assistants; this to hear farmers explain sound economics (would such an event draw even one today?). The idea of fairly monetizing the authentic enterprise of the People as the basis for the "American system" had at last come to the fore.

Predictably, corporate forces had been regrouping, and this conclave is where they chose to attack. The organizers of the meeting were accused of lobbying without registering as lobbyists. The FBI was called in to investigate. Grand jury proceedings were initiated against four of the participants, resulting in two indictments concerning charges of "conspiring" to influence legislation for the purpose of bringing about higher farm prices. The charges were bogus, and eventually withdrawn, but then essentially re-filed individually against the "conspirators". Legal maneuvers reverberated for five years before the whole matter was dropped, but the damage had been done. Skitterish legislators had pulled back to see what would happen. The nascent monetary culture that had begun to sprout in our nation's capitol was not yet strong enough to take the heat, and well-healed corporate forces went on the offensive. The 60-to-90% of parity provision of the *Aiken Farm Bill* was allowed to go into effect under the direction of Agriculture Secretary Ezra Taft Benson following Eisenhower's election, and the newly revitalized American economy resumed its inexorable slide into the depths of "debt."

## **POST-WAR TRANSFORMATION**

In the post-war period, the international central-bank system, working through corporations and government, was poised to remold the world in its own interests. It is an era in which the boundary between the government and private sectors had become exceedingly blurred. A career revolving door came into being, whereby corporate and government officials rotated routinely from public service, to the corporate boardroom, and then back again. The underlying agenda was, as usual, "debt" expansion, but this time on an unprecedented scale.



On the domestic scene, corporate think tanks and consortiums were set up to radically reengineer the physical, social, economic and political structure of the nation.

For example, agri-business corporations formed the *Committee for Economic Development (CED)* whose purpose was to facilitate the takeover of the food production system of the United States, and dismantle the family-farm/small-community infrastructure. In 1962, they issued a policy paper titled *An Adaptive Program for Agriculture*. It calls for, “. . . a program, such as we are recommending here, to induce excess resources – primarily people – to move rapidly out of agriculture.” The pretext used was that there were too many people in agriculture to survive under existing conditions. This does have an element of truth to it. The problem is that this also presents a creative opportunity, and there are many potential answers, but the capitalist corporate model was the only one given a chance. The effort employed the same old trick that was used to take over industries; namely, to break family-farm agriculture of its ability in the aggregate to economically pay its way, let individual farmers sort out who was going to survive through a desperate transition phase, and then pick up the pieces for “pennies on the dollar.” The few remaining farmers are for the most part no longer free stewards of the land, but rather virtual serfs directed as to how to conduct their production, and working under take-it-or-leave-it corporate contracts.

The first step in breaking the rural economy was to break the equitable link between the value of the dollar and basic commodities (termed “parity”), as established by the *Agricultural Adjustment Act of 1933* and the *Steagall Amendment*, and replace it with a devalued dollar that could not buy back its own production without going into further debt (a dubious concept dubbed “sliding parity”), all under the guise of keeping food process “cheap and affordable” for the benefit of people in all sectors of the economy. The overall parity legislation period was summed up by Mark Ritchie and Kevin Ristau of the *League of Rural Voters*:

*“From 1933 to 1953 this parity legislation remained in effect and was extremely successful. Farmers received fair prices for their crops, production was controlled to prevent costly surpluses, and consumer prices remained low and stable. At the same time, the number of new farmers increased, soil and water conservation practices expanded dramatically, and overall farm debt declined. What is even more important is that this parity program was not a burden to taxpayers.”*

*“Although this parity legislation was crucial for saving the family farm agriculture, it conflicted with the economic interests of a number of powerful corporations and banks.”*

The rest, as they say, is history. Farms were foreclosed, towns were abandoned, the countryside was de-populated, and longtime family and cultural bonding with the land was broken. In place of wise and stable stewardship there followed extreme monoculture; chemically-based mining of the soil structure and nutrients; massive erosion and pollution; cruel, smelly, drug-saturated factory feed lots; seed patenting; and unpayable debt. The entire food growing and distribution process was vertically integrated as giant conglomerates bought up all steps in the food production chain, from seed to grocery shelf. Corporations even succeeded in obtaining patents on basic life forms for commercial exploitation. Now they are seeking to profit from improving upon the works of the Creator through genetically engineered “ Frankenfoods.” Dire consequences of the collapse of our agricultural heritage have rippled, and continue to spread throughout the economy, society and environment as a whole.

In the South, as mechanization replaced labor, poor white and black sharecroppers were displaced from the land. There was a massive migration into the cities where real estate developers and bankers engaged in a practice known as “block busting,” whereby families of generations of immigrants were intimidated and defrauded out of their hard-earned equity, which was then resold or rented at inflated prices largely to displaced blacks. Subsequent financing was withheld from black neighborhood development in a policy termed “red lining.” A corruption of the body politic, a breakdown of urban life and an exacerbation of racial strife were among the byproducts. A relatively cheap source of labor to industry was thereby insured (and later discarded as industries were shipped abroad), and an upwardly mobile “white middle class” was forced to seek a new life in sprawling suburbs. There they were encouraged and enabled to engage in “debt” expansion as a new fundamental ethic in their pursuit of status-inflating homes, cars, appliances, shopping centers, etc.

The map and infrastructure of the country was transformed through corporate control of transportation. In 1949 a conglomerate of automotive-based companies, called *National City Lines* and led by General Motors, Firestone Rubber and Standard Oil of California, were criminally convicted in federal court of conspiring in the purchase of over 100 electric rail transit systems for the purpose of trashing them to clear the way for more busses and cars. They were assessed pathetic fines (\$5,000 per corporation, \$1 for the director of the scam), and hardly broke stride in their systematic campaign to destroy mass public transit. Corporations lobbied successfully for the exclusive dedication of gasoline taxes for highway construction. In 1956 the Federal Government established the *Interstate Highway System*.

Such measures combined to enthrone the auto as all-consuming king. The effect was to gobble huge tracts of rural land, slice up cities and demolish neighborhoods with wide swaths of expressway, tear down and pave over vast tracts of urban infrastructure, initiate urban flight and suburban sprawl, choke the air with exhaust fumes, and economically decimate virtually every downtown (large and small) in the nation. Strip malls and big-box retailing replaced vital city centers. It was social engineering on a scale any communist government would be hard pressed to match.

Concomitant sweeping changes in other areas rolled on apace. Highly centralized and capital intensive coal, oil, gas and nuclear energy industries preempted more diverse and sustainable energy initiatives. The environment was mined, logged, fished, paved or otherwise capitalized to the max wherever it could be tapped. Mindless consumerism was touted as a civic virtue, and our children were brought up in to hyper-aggressive advertising immersion. Demonstrated natural cancer cures were suppressed, and a corporate cut-burn-&-poison medical model was exclusively legitimized and capitalized. This litany could go on at length.

Of course, it can be reasonably argued that some changes were at least in part due to other human, historical or technological impetuses. It may also be said that many were in their own ways desirable. This is true enough. The point to be made, however, is that whatever natural evolution might have transpired was preempted and overwhelmed by the effective imperative to create more “debt” to keep the economy from financially imploding. Bonds, financing and campaign contributions were liberally offered for highly-centralized, resource-gobbling, capital-intensive agenda items, but alternate development that was more decentralized, symbiotic, and humane was starved back to the margins.

On the international scene, the world financial system was being reconfigured. In 1944, forty-four nations met at Bretton Woods, New Hampshire to establish a new monetary order. It created the *International Monetary Fund (IMF)* and *Bank for Reconstruction and Development* (later known as *World Bank*). In 1947 the commitment was made for a *General Agreement on Tariffs and Trade (GATT)*, which eventually morphed into the *World Trade Organization (WTO)*. All this was done in the interests of “Free Trade,” which is a euphemism for a worldwide trading order that is rigged to facilitate capitalist exploitation. Ostensible “development loans” to newly emergent nations from former colonial banks went largely for ill-conceived mega-projects let out to first world contractors, payoffs to nepotistic ruling elites,

and materiel and training for often brutal security forces to enforce a favorable environment for corporate expansion.

Concurrent with this post-war period, the traditional social, economic and political debate was deteriorating as well. In academia, the core dynamic of our historic evolution, as delineated above, was expunged from the curriculum and our cultural memory. History texts extolled great white men, and their glorious entrepreneurial, diplomatic and military exploits, but were strangely silent about the underlying currents which drove the whole process. Classic monetary works were replaced by brightly colored Economics 101 texts, which laid the basis for a new way of thinking among the “best and brightest,” with those most intensely groomed being shipped off to globalist finishing schools at the Universities of Chicago, Harvard, Yale and Oxford. Corporate, foundation and government grant money designed and dictated the research subjects and culture at virtually every university, thereby controlling the evolution of knowledge and technology. Subliminal images were planted as icons in the popular entertainment culture. For example, there is the Broadway play Annie, with its perennial search for the next adorable little redhead, the name of whose warm-hearted banker “Daddy Warbucks” suggests a sentimental connection with Paul Warburg, author of the Federal Reserve Act. Mega-media conglomerates replaced a diverse independent press. The stock market casino displaced the farm report and labor beat as the news deemed pertinent to our economic well-being. Debate in the political economy arena became unquestioningly subservient to the vaunted “Federal deficit,” which is a debt-money bogeyman that could be easily and systematically deconstructed by redeeming debt bonds with real currency.

## **THE LAST POLITICAL DEFENDERS OF FREE ENTERPRISE**

So, one may ask, where were our public servants during all of this? Whatever happened to the classic political debate that was so liberally quoted from in the above dissertation? It too was systematically destroyed and expunged from the national memory. The private Ponzi scheme, deceptively dubbed the “National Debt,” has been elevated to the status of economic lord and master. Virtually all executors, legislators and arbiters of the public trust, from the President, Congress and Supreme Court on down, genuflect obsequiously to it.

There have been a few last heroic defenders of free currency, but they have been systematically overwhelmed and ridden out. One of note was Jerry Voorhis, Congressman

from California. He was an outspoken critic of the monetary system who had written a number of authoritative books and articles on the subject, and had sponsored a bill for the public takeover of the Fed. He observed:

*“The banks – commercial banks and the Federal Reserve – create all the money of this nation and its people pay interest on every dollar of that newly created money. Which means that private banks exercise unconstitutionally, immorally, and ridiculously the power to tax the people.”*

In 1944, the same year that the economists and diplomats at Bretton Woods were laying out the blueprint for the post-war Capitalist order, Voorhis published a book titled *Beyond Victory*, in which he proposed an alternative arrangement which could supplant the *Bank for International Settlements (BIS)*, the then precursor of the World Bank. He had spoken on the floor of Congress in opposition to this institution, and recommended that the Congress pull the plug on it, which was in their power to do at the time. He proposed that it be replaced by one called the *International Clearing House (ICH)*. Its purpose was to help nations monetize their own economies with sovereign currencies based on their actual production and resources, and establish a clearing house which would analyze the relative value of each currency based on their buying power with respect to a selected list of basic commodities (much like the successful parity model in the U.S.). The ICH, in turn, would publish the results to serve as reliable guidelines for the exchange ratios between them. There was no control mechanisms or enforcement authority attached to this proposal. It would simply make visible up a sensible matrix for honest trading. Had his recommendation been adopted, along with his proposal for the government to take over the Federal Reserve, it likely would have started the process by which modern day national debt and international imperialism as we know it would be ended. It represented the economics of the American Revolution applied internationally. One can only imagine how post-WWII history would have been different.

Such dangerous blasphemy could not be tolerated, of course, so the Wall Street bankers targeted the Congressman’s career for termination. The Republican Party posted an ad in the newspaper that called for someone to run against him. It was answered by political newbie Richard Milhous Nixon. With lavish financial backing, Nixon went on to defeat Voorhis in a notorious red-baiting smear campaign. Nixon later admitted, *“Of course I knew Jerry Voorhis wasn’t a communist, but I had to win.”* Vicious tactics in Nixon’s Congressional and Senate campaigns earned him the epithet “Tricky Dick.” He was selected as Eisenhower’s

running mate and hatchet man, leaving Eisenhower free to take the “high road.” He was nearly dropped from the ticket, however, when the New York Post exposed his high-level financial backing. This prompted his famous “*Checkers Speech*,” in which he admitted his wealthy connections, but pled that he couldn’t help it because he was not a wealthy man.

Perhaps the last great champion of a free public currency was the afore-quoted Congressman Patman. Among his prolific pronouncements on the subject are:

*“The dollar represents a one dollar debt to the Federal Reserve System. The Federal Reserve Banks create money out of thin air to buy Government Bonds from the U.S. Treasury . . . and has created out of nothing a . . . debt which the American People are obliged to pay with interest.”*

*“In many years of questioning high experts on the matter, I have yet to hear even one plausible answer to the question (of) why the Government should extend money-creating powers to the private commercial banks to be used, without cost, to create money which is lent to the Government at interest.”*

One of the last voices of note on the political scene was Congressman Henry Gonzalez of Texas, Chairman of the Banking, Finance and Urban Affairs Committee. He was a crusader for the reform and Federal takeover of the Federal Reserve, and initiated hearings to expose the dangers caused by financial derivatives. He also spearheaded the investigation of the Bush Sr. administration’s supposed involvement in ostensibly illegal loans to Iraq, and distinguished himself as Chairman of the House Assassinations Committee that investigated the murders of President Kennedy and Dr. King. Predictably, his efforts were marginalized and dismissed.

## **DEATH OF THE HISTORIC DEBATE**

The historic debate about the bank-money power is all but dead. We now talk glibly of debt in the trillions, and vow with a lot of solemn hand wringing to deal with our deficits so our progeny won’t have to. It never seems to occur to anyone that by basing the economic structure on the relentless imperative to expand “debt-money,” we are inexorably growing **into** “debt,” and not out of it. Nor does anyone bother to ask how it can be paid off if the combined total of public and private debt is some \$70 trillion (some estimates place it higher), and the entire (M2) money supply is only about 7 trillion. Paying in every dollar in circulation would cancel only a fraction of the so-called “debt,” and leave us with no currency in circulation with which to do business. The interest on the national debt alone is approaching

half a trillion dollars per year (more than the entire defense budget). Every other expenditure gets detailed scrutiny, but no one broaches serious questions about to whom this enormous “debt” is owed, and why, or if it is even a debt at all. That we owe it and have to pay are unquestioned articles of faith for all ranges of the political spectrum.

The statesmen of years past have been replaced by blown-dry sound-bite politicians, corporate-media talking heads, and sophomoric talk-radio demagogues. We are subjected to an endless charade of “expert analysis” which minutely tracks transient “economic indicators,” posturing “policy initiatives,” fickle “consumer confidence,” and capricious “stock market trends,” but is blithely ignorant of the historic struggle over the nature and control of money, or the current underlying structural anomalies. Self-styled hard-nosed conservatives preach their fiscal-discipline dogma while failing to understand that at the Federal level “the debt” is essentially a result of an unsound monetization principle, and not budgetary malfeasance (i.e. there is no way that the Federal budget can be balanced in the context of a money supply in which all dollars are “borrowed” into existence at “interest”). Well meaning liberals exhort the citizenry to act on their compassion for the “disadvantaged,” but do not realize how they are contributing to the inequities they decry by effectively encouraging people to borrow more debt-based money into existence without being conscious of what they are essentially doing. One can peruse the media now and hear nary an enlightened word of the historic debate, only a depressing drone of modern budget-speak about taxes and spending, blaming welfare mothers, unfunded mandates, privatizing social security, running the government “like a business,” delusions about “growing” out of the deficit, the “un-affordability” of people’s needs, and all the rest of it.

Where are the political parties? The Republican Party in its early years could boast of some of the greatest champions of public currency, but it has over the last century become (with rare exceptions) a lock-step advocate for the bank-money agenda. When they beat the drum for cutting taxes for the rich, they are in effect demanding that those already holding a surfeit of debt paper be given the ability to acquire still more, while forcing people in the productive sector of the economy to resort increasingly to borrowing from them to pay their bills. When they advocate reducing services to the poor, they are in effect cutting the lifelines to those stuck at the bottom in an economic regime that is structurally certain to include a high level of unemployment because it is mathematically impossible for those who produce to, in the aggregate, buy back the proceeds of their own labor.

On the whole the Democrats have held out longer. They are, in part, heirs to the anti-bank and anti-Wall-Street populist movements that flourished in the late nineteenth and early twentieth centuries. But alas, they too have become blind to the bank-money agenda, and the *Democratic Leadership Council (DLC)* often acts like a good-cop front for the system.

Overall, in the post-WWII period, spectacular economic growth based on capital expansion (read “debt expansion”) has been the prevailing order. Riding on the back of the material, technological and human advantages this country possessed, it has worked after a fashion and for a while, though at a terrible personal, social and environmental cost. Through the ‘50’s and ‘60’s debt-paper expansion was supported by growth in the physical economy, but since then the productive economy has been dismantled as industries have been relocated overseas in search of slave-wage labor and environmental dumping grounds, and financial capital has been transferred to offshore banks to escape taxes and accountability.

Throughout the 70’s and 80’s, there has been a transition to a “service economy” to replace the traditional agricultural and industrial base. More and more, we have tried to earn our daily bread by waiting on each other’s tables, throwing each other footballs, and selling each other insurance. We have tried to convince ourselves that this represents a step up because it is ostensibly more “white collar,” but in reality much of it is less sustaining and more “minimum wage.” With the advent of the Internet, many of these service jobs are now departing for offshore locales.

The “service economy” has morphed into a “post-service economy.” This is an attempt to build an economic structure made of debt-paper riding on top of debt-paper, with little genuine service attached. Its basic “industry,” loosely speaking, is financial and bureaucratic manipulation, both public and private. It is in essence the replacement of goods-and-services production as the basis for wealth, with the regimentation, documentation, manipulation, policing, scamming and surveillance of each other’s finances and private lives. It represents in some respects a “casino economy” where surplus (to the holder) wealth roams about seeking paper “investments” which deliver “maximum return,” and then become the basis for borrowing yet more money against the “value” of the dubious economic activity so generated. Its multitude of manifestations include credit card financing; credit card debt relief services; ubiquitous sales gimmicks; uninformative and wasteful saturation advertising; get-rich-quick infomercials and motivational speakers; money-mad professional sports; obnoxious collection agencies; private security forces; insurance activity beyond the insurance mandate (insurance companies have become banks); oppressive business paperwork; bloated



bureaucratic overhead; smothering bureaucratic regulation; inspectors inspecting inspectors; an unbelievably complex, inequitable and intrusive “progressive” tax collection structure; tax avoidance industries; investment and retirement fund schemes; stock and commodity market gaming; real estate speculation; financial derivatives; lotteries; big brother surveillance; big money politics; aggressive telemarketing; dot-com empires; home equity refinance schemes; celebrity financial analysts, economists, political pundits and other shills for the system; and a plethora of other rob-Peter-to-pay-Paul-and-borrow-the-rest activity. We can tack on the cost of overseas military adventurism to protect this insanity. As if that were not enough, we appear to be financing the hiring and training of a burgeoning national security apparatus to take away our Constitutional rights and freedoms.

I am not demeaning people who find the need to work in these areas. We are necessarily availing ourselves of the only opportunities the system affords, and on a personal level, it is honorable work. Some of these “services” may (or may not) have a needed use, but basically produce nothing that we can eat, wear, be warmed by, take shelter in or enjoy. We have become a society where there is more energy, creativity and person-hours devoted to manipulating each others paper and meddling in each others lives, than producing tangible wealth, or building for the future. There is a crushing overhead, financial and otherwise, inherent in supporting these activities. It is tearing apart our family fabric, as both parents are driven to work and to distraction. Children spend much of their critical growth years at day care centers and other substitute activities out of the home. We are being entertained and infotained out of any sense of what has virtue, value or meaning. The pace of modern life quickens to a maddening pace for apparently diminishing returns, as the ubiquitous monthly payment cycle subsumes all other rhythms.

Two phenomena of note are the inflation of housing prices and stock market indexes beyond any justifiable reason in real terms, let alone any realistic expectation of continuing compounding increase. Borrowing against such apparitions expands the money supply, which is another way of saying bloats the “debt.” The resulting juggled cash flow is the financial basis by which we continue to support a lifestyle we are not earning, while importing the manufactured products we require from slave-wage maquiladoros. As long as we can keep the cheap Wal-Mart goods flowing in and the baseless paper indexes rising, the perception is that the economy is “robust.”

For a long time I wondered at how the United States could sustain a trade deficit that has now grown to hundreds of billions of dollars per year. I have already mentioned that in the

present world monetary order, other central banks use dollars as reserves. Therefore, they seek to acquire as many of them as they can to back their own respective currencies. This is the structural prop that allows corporations to dismantle industries in this country, and move them overseas, while still maintaining a high-priced domestic market to sell those goods back to. There are limits, however, to how long producers abroad can trade the fruit of their labor for unsupportable debt-ridden scrip. There is talk by foreign moneymen of defecting to the euro, but the Euro is a debt-based currency also, and so this is essentially jumping from one frying pan into another (as the troubles attending the Euro as reported in the media would seem to attest). Foreign central banks use some of their excess dollars to buy Federal bonds, but then they feel obliged to issue bonds at higher interest rates to support their own currencies.

The game can get out of hand for them as well. In recent years the Argentine peso has been threatened with collapse under a load of debt, and there is pressure from international bankers to abandon it and adopt the U.S. dollar outright, or a face-saving currency denominated directly in dollars. This “dollarization” process was staunchly resisted (and eventually rejected), as Argentines realized that it would be the death knell of any pretense of national sovereignty. As a condition for taking over their monetary system, the Federal Reserve demanded that the Argentine government make “structural adjustments,” including levying a heavy tax on the populace to make sure that the banks could collect their tribute. Could this be the attempt at start of a tide of de-facto takeovers by a shadowy world banking government through the absorption of currencies? As a matter of fact, Panama and Ecuador have already adopted the US dollar as their official currency, not out of any groundswell of affection for how this country has treated them, to be sure.

There is currently much speculation in the economic world about the relative advantages of Canada, Mexico and the U.S. forming a “*North American Monetary Union*,” versus Canada and Mexico adopting the dollar as their national currency. Both proposals are essentially the same ploy, as it would mean that our neighbors to the north and south would effectively give up the essential prerogative of sovereignty to American monetary hegemony (albeit under the rubric of a new common currency, the “*Amero*,” in the case of the monetary-union scheme). Is “dollarization,” under whatever guise, the next stage after imperialism?

Returning to the domestic economy, the main debt-expansion mechanism through the ‘80’s was government borrowing. It was perceived as necessary because the increasing dismantling of the productive economic base, the Vietnam War, the OPEC oil embargo, the

prohibitive interest rates of Paul Volker, and the “stagflation” of the ‘70’s left the economy in a crisis of confidence. That is why the Reagan administration (despite its “fiscal conservative” credentials) racked up record cash-flow deficits to get the economy moving again. In the short term their stimulus did work. This infusion of debt-money into the economy restored “confidence,” and it was subsequently possible to pass the borrowing onus onto the private sector for a time.

The economic push of the ‘90’s was the development of the financial vehicles and the training of the mindset for consumers to go deeper into debt. Increasingly people did not pay for what they purchased. The new byword was “cash flow.” If one could afford the payments, one could have it. Financial-debt vehicles, from credit cards, to student loans, to financial derivatives, to stock and bond portfolios, to easy credit over the Internet were aggressively promoted. More and more, people leased their cars and other durable goods, or financed them over greatly extended periods of time. Home mortgages were artificially inflated by the lending practices of Fannie Mae and Freddie Mac against their speculative prospects for being cashed in later at higher prices, as opposed to being paid for in proportion to their value as dwellings constructed at prevailing wages.

The net result was that for the decade of the ‘90’s the private sector took on so much new debt that it was able to service the overall debt to the economy, and the government could step down as the borrower of last resort. This made for a period of “economic growth” (i.e. private “debt” expansion), and most governments agencies did not have to resort to deficit spending to keep the game going. Politicians crowed about how the economy was good on their watch, and made every effort to take credit for it. They were, of course, merely riding a wave they did not understand, or did not want to understand.

We as participants in the economy have arrived at a juncture where the game has been stretched as far as it can go. The stock market is in precipitous decline. Housing prices are no longer supportable in real terms, and are falling. Good paying jobs are being systematically shipped abroad or replaced with minimum wage positions. The newest crop of college graduates, already saddled with student loans and credit card debt, face a declining job market, and will not be able to provide the economy with the upwardly mobile spending impetus that has traditionally driven its growth. People’s ability and willingness to go into new debt has in the aggregate been maxed out. Old debts, obligations and entitlements (both private and public) made under expectations of exponential ad-infinitum economic growth are

coming due. The environment is being depleted. The infrastructure is crumbling. The baby boomers are entering retirement.

The net effect of all these factors is that the debt load can no longer be serviced adequately with new borrowing within the constraints of the domestic market. Federal Reserve banker John Exter warned, "*the Fed is locked into this continuing credit expansion. It can't stop. If ever bank lending slows . . . the game is up, and the scramble for liquidity starts.*" and "*The Fed will be powerless to stop a deflationary collapse once it starts.*" Mr. Exter's words seem to have been borne out in the ongoing "financial crisis." While the productive capacity of the physical economy has virtually ceased to grow (or declined), the debt expansion it is generating is slowing, and financial ledgers can no longer be balanced with new money. That is why, for example, state budgets across the nation have gone from being balanced, or even flush with extra cash a decade ago, to huge cash-flow deficits now, with no visible sea change in physical reality to account for it.

There are many pundits who claim that the American economy is entering a condition of "implosion." This is **not**, they say, a downturn in any purported business cycle. It is a structural collapse. There is no physical economic infrastructure that can be resorted to rescue it. The traditional agricultural base and community has been destroyed in favor of a corporate agri-mining factory-farm system (The farmer will be in the food lines almost as quickly as the city dweller if the crash comes). The capacity to produce real goods has been dismantled and shipped abroad (Virtually a whole world of practical manual and mental skills has not been passed on to the next generation). The "service economy" has not been able to pick up the slack (We can sell each other only so many pizzas). The "post service economy" burden is getting suffocating (The *Homeland Security State* will likely finish off "the American way of life"). The only way that catastrophe can be staved off for a time (short of returning to a true Free Enterprise system, and restructuring the physical economy in sane terms) is to find new fields to exploit; hence the expansion through "preemptive" war in the Middle East. The Iraq War is primarily (though not necessarily consciously) about preempting monetary collapse; not military or terrorist aggression.

## **A CLOSER LOOK AT THE WAR IN IRAQ**

The shadow over America has for the last eleven years been the war, and now the occupation, in Iraq. Almost all Americans, of whatever persuasion about the war, are of the view that Saddam Hussein's regime was monstrous, and that the Iraqi people and the rest of

the world are far better off without him. The points of contention broke down along lines of the history of imperialism, blame for setting up Hussein, responsibility for taking him down, suspicion of agendas, perceived risks concerning weapons of mass destruction, the war against terrorists ostensibly responsible for 9/11, and humanitarian trade offs. I won't repeat the familiar arguments here.

I came down on the anti-war side, but was moved by the sincere arguments of both positions. I suspect that is true of most people if they are candid about it, regardless of their stance. My father was a veteran of the liberation of Europe in WWII. In historical retrospect the causes of that conflagration are not as simple as they once seemed, but I cannot begrudge the people of the occupied countries or the inmates of concentration camps the jubilation they must have experienced when they saw the "Stars and Stripes" coming from over the horizon. I would in no way belittle the service my father gave and the pride he must have felt in rendering it. In the same vein, I cannot begrudge the relief felt by any Iraqi in getting out from under the boot of the Hussein regime, nor the heroism of the Coalition soldier who earnestly puts him or herself on the line for it. I can only have respect for anyone who in good faith came down on the side of fighting the war due to feelings arising from such considerations.

My war service was in Vietnam. It invoked a different set of lessons, no more or less valid than my father's. It taught me about how our military's overwhelming mobility, firepower and chemical weapons (napalm, white phosphorous and agent orange) could wreak death and destruction that remains as an open wound a generation later. It demonstrated how the arrogance of power can manipulate governments, set up and assassinate leaders, and carry out an "*Operation Phoenix*" (a euphemism for a massive death squad operation which is estimated to have killed over 20,000 civilians). Military destruction aside, it demonstrated how the wealth, seductions and arrogance of our culture can steamroll and shred the social fabric of a proud, but less outwardly powerful people. It showed me how scruples concerning bringing death-dealing drugs into the cities of my own country could be callously brushed aside in the interest of securing a financial base for a secret war in Laos. It exposed how the top leadership of our country could stage a fabricated incident (*Gulf of Tonkin*) to rabble rouse the body politic into supporting a war agenda. It taught me about the cruel vindictiveness of a policy that continues to punish that devastated land thirty years after our occupation terminated.

All this said, we are now in a different conflict in Iraq. It is often said that soldiers are forever re-fighting their previous war in their heads. We should avoid the temptation to do so in this one, but that does not preclude learning from our experiences. A heartfelt and respectful dialog based on the experiences of all sides is in order. There would have been much suffering and human tragedy whichever course was taken. It is difficult to weigh the agony of a Saddam victim-vs.-a bombing victim in the balance. All parties are correct in bringing the human cost of this conflict to the fore, but hitting each other over the head with bloody flags probably compartmentalizes and armors our compassion more than it expands it. It surely divides the People against any concerted action that might end the suffering. The other factors concerning this conflict yielded similar dilemmas. The primary truth I am certain of is that the bank-money-power juggernaut that historically sponsors these cycles of conflict and retribution must be stopped, or this is only the beginning of our troubles.

## **CANCER**

I have respect for sincere spirit of those of the anti-war movement (as well as those who support the war). I have been amazed by its size, perseverance and good spirit. That said, I believe it is making a fatal mistake. It needs to make itself fully aware of the monetary source and dynamics of the war, and address it on that basis. I have been advised consistently by my peace-&-justice compatriots that this arcane “banking issue” can wait for later; we have more important matters to attend to now. My answer is that we had better stop digging in the same hole if we don’t want to get to the point where we can’t see out of it. I have watched crisis after crisis come and go since the Vietnam era, some concerning war, many on other issues, and there will no doubt be more to come, but still the core of the monetary question is not on any list of peace-&-justice agenda items that I can see.

To be sure, numerous derivative issues are brought to the fore, and there are vaguely-defined exhortations which decry “capitalism,” but the **principle** on which the capitalist system is founded is not squarely addressed. The essential question is, when is “now” going to come? If “now” does not happen in a big way and soon, the sum total of all our efforts will amount to merely delaying the inevitable. This is not another issue that can be attended to after the exigencies of the war are passed. It is **the** issue that the war should be a wake-up call for. Let me define the matter clearly so it cannot be mistaken.

We are all aware of the phenomenon called cancer. It begins when an aberrant single cell breaks with the natural cycles of the body, and begins reproducing exponentially by a law

unto itself that is inimical to the life around it. Left unchecked, its insatiable appetite inevitably overwhelms and devours the body that supports it. There are many corollary issues associated with cancer that might be talked about. These include, but are by no means limited to biopsy, metastasis, mastectomy, radiation therapy, chemotherapy, possible organic failures, and myriad personal and economic ramifications. We might invoke any one of these by name, but it is understood that the subject is cancer, whether it is referred to specifically by name or not. One might rightly address any of these corollary issues with given treatments, but it is understood that we are treating cancer. One might indeed ameliorate for a time with these efforts the distressing ramifications of the malady, but it is understood that unless the cancer is eradicated completely, down to the last cell, we have only brought temporary relief. The law of exponential increase will reassert itself, and it is only a matter of time before the cancer completes its fatal course.

Now let us look at the monetary equivalent of cancer. Bank money also introduces an aberrant entity that breaks with the organic nature of true economic life. The usury cost of supporting it compounds exponentially by a law unto itself, and eventually consumes the body of economic life that hosts it. The common way of staving off economic death is to increase the size of the economic body (hence the exhortation to “economic growth”) by borrowing more and more money into the market cycle, but this leads to a situation where the entire production, natural inheritance and commonweal of the People are “mortgaged” to the hilt, and everything they have worked for is ultimately “repossessed” by those holding the debt-money lien against it. Bank money is the monetary equivalent of introducing a cancer into the body economic.

There are many corollary issues associated with bank-money cancer that might be talked about. These include, but are in no way limited to, inflation, deflation, budget deficits, unemployment, depressions, environmental destruction, personal financial stresses, social pathologies, political corruption, colonialism, imperialism and wars. While we might invoke any one of these by name, it should be understood that the subject is bank-money cancer. One might attempt to ameliorate the effects of any of these issues with specific measures, but it should be understood that we are treating bank-money cancer. One might achieve a measure of success in any of these efforts, but it should be understood that unless the bank-money cancer is eradicated utterly, down to the last “debt”-based dollar, we have only brought temporary relief. The law of compounding usury will reassert itself, and it is only a matter of time before the bank-money cancer completes its fatal course.

Consider the following hypothetical illustration. Suppose that the Federal Reserve had been in existence at the time of the birth of Christ, and had issued as a money supply a single dollar backed by a 3% bond which was payable whenever it was called in as due by a bondholder. Imagine that the People had passed that slip of paper back and forth as currency until the present year, but now the bondholder is calling in the “debt” on the bond for the its use. How much would the People “owe” the bondholder, theoretically, for the use of this single dollar? The answer is in excess of \$65,000,000,000,000,000,000,000 dollars (\$65 trillion, trillion). This is a completely unrealistic situation of course, but it illustrates the numerical power of compounding interest to eat up an economy, and demonstrates why the principle of bank-money-cancer cannot be compromised with any more than biological cancer can be compromised with. If even a single bank-money dollar is allowed to remain in the system, and those who “own” the debt paper that “backs” it hold to their insistence that they are due their “interest,” it will, given enough time, sow the seed for destruction of the entire economic organism just as surely as a single cancer cell left behind will destroy the biological organism. It must be exorcised utterly, both in practice and in principle.

The above illustration is, of course, more that a bit fanciful and is invoke only to illustrate a limited point. In reality, the economic life is an exceedingly complex affair that does not admit of such simplistic scenarios. Still, incredibly, the notion that an endlessly compounding pyramid of paper “debt” can be supported by material increase is the very assumption that lies at the core of our civilization’s monetary praxis. The realities of the real world and the fantasies of compounding “debt” paper can appear to coexist for a time, but are destined eventually to part company. What the moment and/or stages of that parting might look like are impossible to predict, but we can be sure that they will transpire long before any such fantastic sum as noted above is reached. Taking the thought further, we are, I suggest, in the midst of many such reckonings even now, and the travail they occasion will continue as long as we create money as “debt.”

## **WHERE ARE THE DISSENTING VOICES?**

There are many voices in the alternative press, radio and academia which attack the Federal Reserve, and in some cases its central-bank-money operative principle, so how does what I am asserting represent anything new? Without exception that I can see, they fall short of taking the matter to the logical conclusion stated above. They may blame corrupt management. If only, they imagine, we could get the right people in there to run the show. I



would argue that, even if we could give Ben Bernanke's job to a saint, he could do little beyond marginally ameliorate the problem if their latitude for action was limited to managing interest rates (i.e. adjusting cancer's growth rate). There are also voices that claim that if only each respective nation could gain control of its currency and finances, instead of foreigners, then everything would be alright. There is a grain of truth to this, but cancer is still cancer, whether it is managed by foreigners or natives. All debt-based currencies are interconnected anyway.

Some will assert that the answer is to return to the gold standard. Gold and other precious commodities do have a legitimate place in the evolution of money, but their history is littered with as much misery and manipulation as that of the bond standard. In addition, any commodity produced for the purpose only of hoarding is worse than useless. Its cost of extraction, storage and control is a net subtraction from real wealth. Almost all alternative voices, both left and right, passively accept the presumption that the so-called "Federal debt" is a bona fide debt that must be paid back, rather than a bookkeeping slight-of-mind for which any common sense concept of "pay back" has no meaning.

Perhaps most germane for we as Americans, I have never heard anyone give explicitly contrasting definitions of capitalism (as private debt-money economics) vs. free enterprise (as public debt-free-money economics). Nor have I heard anyone identify concisely the question these polarities represent as the essential economic issue of the American Revolution, and the evolution of our nation since then. The language and patterns of thought have gotten so corrupted that even the best, brightest and most anti-imperialistic among us assume that "capitalism" and "free enterprise" are synonymous expressions, and that capitalism, like "apple pie" and "motherhood," is somehow quintessentially "American."

The biggest illusion is that capitalism can in some vague way be reformed into behaving. Capitalism can no more be reformed than can cancer.

Christopher Hollis, British economist and guest professor at Notre Dame University, stated the problem succinctly:

*"Indeed the historian has to record that in almost every age there was some superstition or other of utter unreason which strangely occupied the minds of men, otherwise of activity and vigor . . . We are sometimes ready to congratulate ourselves that our age has outgrown all superstitions. But the historian of the future will, I fancy, reckon in the same class . . . the strange superstition that, whenever money is invented, a percentage must be*

*paid forever afterwards as a propitiation to a banker. It is on that superstition that the whole empire of Mammon is built."*

Private bank money is the "strange superstition" of our time. We as a culture are quite smug in assuming that we modern, scientific sophisticates could never fall for irrational flat-earth stupidity, but we may be the fools after all. Frederick Soddy, a British scientist and Nobel Laureate in Chemistry, was appalled by the anomalies caused by the usury-based monetary system. He wrote, "*The sensationalism of the scientific profit could hardly imagine anything so sensational as this. A nation dowered with every necessary requisite for an abundant life is too poor to distribute its wealth, and is idle and deteriorates not because it does not need it, but because it cannot buy it.*" Such thoughts precipitated an inquiry on his part which resulted in what many consider to be a classic volume, *Wealth, Virtual Wealth and Debt*. This treatise compares economics with physical science. The creation of real wealth, he reasoned, always involves the expenditure of energy, and must conform to the laws of thermodynamics, whereas to set up dead paper as the source of wealth turned reality on its head. Among his many insights was the conclusion that, "*If we reasoned similarly in physics, we should probably discover that weight possessed the property of levitation.*"

My observation is that in our "enlightened" era, denial, especially when related to money, is perhaps the strongest human failing. I can imagine a time in the future when our descendants (for whom we are so ostentatious about not wanting to pass on our "debt"), will come to their senses and dispel the bank-money bogeyman back to the ignorance from which he came, and wonder in amazement how an age of "science" could ever have believed in him. They will regard with horror the terrible price we were willing to pay, rather than relinquish our attachment to this pernicious nonsense.

## **JUDAIC, CHRISTIAN, ISLAMIC AND NATIVE AMERICAN ETHICS**

Beyond the scientific argument, I believe there is an ethical one. Even if we are able to pay the interest on our money for a time, why should we have to? What necessity does it meet? What benefit does it convey? Whose interest does it serve? In holy writ common to Judaism, Christianity and Islam, it says that "*You shall make for yourselves no idols and erect no graven image or pillar, and you shall not set up a figured stone in your land, to bow down to them ...*" In a veritable sense, we have done just that with this idea that dead and dumb debt paper, without eyes to see, ears to hear, or hands to work, commands an irrefutable

compounding tithe to a monetary priesthood in perpetuity the moment it comes into existence, irrespective of the terrible sacrifice it extracts from the life all around it.

Our religious traditions are not silent on the matter. To short circuit the tendency toward this unhappy scenario, the God of the *Old Testament* decreed that at regular seven-year intervals (with a comprehensive one every 50 years), there should be a *Jubilee*, whereby the debt paper that had been written against the inheritance of the people in the land would be nullified. This was necessary to keep those who raised the crops and did the work from losing their birthright to those who controlled the debt of the system.

There is a trend in the popular culture to speculate about “*What would Jesus do (WWJD)?*” In my reading of his life, he seemed to be conservative with respect to political activism. He admonished citizens to “*render unto Caesar,*” advised tax collectors and soldiers of the system to do their job, and charged those that were healed to report to the established priesthood. The only occasion where he was aroused to forceful activism was when he overturned the tables of the money-changers in the temple. Perhaps the lesson is that that is in spirit precisely the thing to be done by us also.

One of the absolute prohibitions of Islam is against the imposition of usury (*reba*). Muslim communities in the West have initiated some creative networks of account clearing houses to aid in observing this prohibition personally, while still coexisting within the dominant usury-based economy. What is sometime perceived as an irrational fundamentalist opposition to the inroads of capitalism in their societies is in large measure a manifestation of the simple realization that capitalist “trade” and “investment,” as typically practiced in the West, would mean the obliteration of everything they hold sacred under a tsunami of commercialism and debt. Holding tightly to their religion is in effect embracing the only practical vehicle they have for resisting it. I have done some looking into Islamic religion, history and culture and have found it not to be in any inherent opposition to an equitable marketplace system. Indeed, the truth seems to be quite the contrary, as the Quran specifically gives its sanction to honest trading according to just weights and measures, and Islamic society’s tradition as merchants and traders is a long one. The Prophet Mohammed himself had been a merchant in his youth. What is more, he understood money as a creation of the law, and instructed his followers that copper coinage stamped with a nominal value was as acceptable as gold or silver. If we had the wit to see it, I think we would find the Muslim world to be natural ally of the American free-enterprise model. They will never coexist willingly with debt-money capitalism. The aboriginal Americans practiced the ethic of weighing all their decisions in light of their

affect to the 7th generation. If we presumed a monetary system built on bonds at 3% net return as the base expectation of “investors,” the “money supply”, or aggregate debt of the economy, would be expected to double every 24 years; roughly one generation. By the 7th generation, it would, presumably, compound by a factor of 2 to the 7th power, or 128 times its present size just to keep up with the “interest” payments. At our current rate of material exploitation, can we imagine an economy that inflates physically to 128 times its present size, and is still compounding? Clearly, it would overwhelm the environmental and human capacities long before it got there. This is not to say that life does not still hold the potential for manifold growth in a multitude of directions, but to yoke that potential to the doctrine of the compounding material exploitation requisite to supporting compounding debt-paper expansion is to effectively derail the possibilities.

## **TWO BANKERS SPEAK**

I will wrap up the monetary argument with some words from two prominent bankers. In an informal talk to 150 students at the University of Texas in the 1920's, Sir Josiah Stamp, former president of the Bank of England and second richest man in the British Empire, confessed:

*“Banking was conceived in iniquity and born in sin . . . Bankers own the world. Take it away from them, but leave them the power to create money . . . and with the flick of the pen, they will create enough money to buy it back again . . . Take this power away from bankers, and all great fortunes like mine will disappear, and they ought to disappear, because this would then be a better and a happier world to live in . . . But if you want to continue to be the slaves of bankers, and pay the cost of your slavery, let them continue to create money.”*

From the Congressional Record comes a quote by Robert Hemphill, former credit manager of the Federal Reserve Bank of Atlanta:

*“If all bank loans were paid, no one would have a bank deposit, and there would not be a dollar of currency or coin in circulation. This is a staggering thought. We are completely dependent on the commercial banks. Someone has to borrow every dollar we have in circulation, cash or credit . . . We are absolutely without a permanent monetary system. When one gets a complete grasp upon the picture, the tragic absurdity of our hopeless position is almost incredible – but there it is. It (the banking problem) is the most important subject intelligent persons can investigate and reflect upon. It is so important that our present civilization may collapse unless it is widely understood and the defects remedied very soon.”*

## **CLASH OF CIVILIZATIONS?**

Many in the current debate spin the Middle East war and terrorist questions as a clash between irreconcilable religions, cultures or civilizations. This view, to me, is bogus. Material archaeology, cultural mythologies and holy writ say that the Middle East is the cradle of Western Civilization. We use Arabic numerals and the Phoenician (root word of “phonics”) alphabet. While Europe groped in the Dark Ages, it was in the Middle Eastern society that literature and the arts flourished, mathematics developed, and the culture and wisdom of the classical world (notably the Greeks) was preserved. The Islamic peoples kept the torch of humane civilization burning during Europe’s descent into barbarism. In time, this was introduced into Europe to kindle the Renaissance. The bonds between these two worlds run ancient and deep.

The factor that has driven a progressively deeper wedge between the Western and Eastern worlds over the last half-millennium is debt money and its progeny. The flip side of this unhappy situation is our current opportunity. If We-the-People, both Americans in particular and the world as a whole, could regain our senses and awaken to the historical roots of the division, we could get a grip on not only the Middle East conflagration, but the world crisis on all fronts. This is a truly transcendent issue which, I believe, could resonate with people of good faith everywhere. In my estimation, it has the power to bridge the gap between widely diverse worldviews, even some of the most radically opposed, regardless of religion, culture or history. I don’t know of any other issue with the same potential for transcendence.

We “lefties” tirelessly invoke peace, justice, non-violence, freedom, brotherhood, love and other noble sentiments, and it is well that this is so. The problem is that without some realistic vision of how to attain these ideals in the greater worldly realm, they come to be perceived by the society at large as ineffectual platitudes, immature pacifism and left-wing whining. Some might protest that we do indeed talk about and march against fundamental problems of corporate greed, globalization, militarism, the co-opted media, capitalist hegemony, the CFR, the Trilateral Commission and so forth. This is true, but it is not sufficiently fundamental. They are manifestations of the problem, but do not name its source. But, one might say, there are people attacking the Federal Reserve, the IMF, the World Bank, and the other bank-money institutions by name. True again, but they are still not naming the cancer. They are attacking the manifestations of the hydra-headed monster, but are not plucking it up by its bank-money root.

It is the bank-money-cancer **principle** that must be exorcised. To think, even, that its executive agents and core institutions are the essence of the problem is to miss the mark. Indeed, they must be engaged (productively in a vital, but dispassionate dialogue), but it should be understood that the subject is the bank-money-cancer principle. The Biblical maxim, "In all thy getting, get understanding," has never been as crucial as it is now. It is imperative that we progress beyond demonstrating for peace without a definitive conscious awareness of the **principle** in opposition. For the powers that would confuse, divide and conquer, the thought that We-the-People of America, and of the world, might one day wise up to the name and nature of their game is their ultimate nightmare. Such an eventuality would, in turn, inspire a quintessentially peaceful revolution in consciousness, not only about money per se, but on the whole spectrum of the human condition. There is not a "weapon of mass deception" in the globalist arsenal that could roll back a genuine awakening.

## **IDENTIFYING THE ENEMY**

The enemy in this battle is both a what and a who. We have already identified the "what" in the above dialog. It is primarily the bank-money-cancer principle, and secondarily its derivative issues and institutions.

What about the "who"? Is the enemy the pro-war movement? I would say not. They are for the most part fellow citizens who make their call on the issue as they sincerely see it (the F-word hecklers that show up at peace demonstrations are not representative). They should be appealed to on the basis of their values and experiences.

Is the enemy George Bush? I would say not. He is likely a relatively sincere fellow who believes in what he is doing, and makes his Presidential decisions the best way he knows how, the fact that from our own "lefty" consciousness we find it hard to imagine what it is like to do and say the things he does, and to live in his world, notwithstanding.

Perhaps the enemy is Donald Rumsfeld, Paul Wolfowitz, Richard Perle, and the rest of Bush's "chicken hawk" advisors. I find it hard to believe that the world can be taken over by a few pals and associates serendipitously acquired through any school, military, political or business old-boys network.

Perhaps the enemy is the sinister "corporations." Outwardly, they are soulless, non-sentient shells that cannot by nature assume any responsibility. Inwardly, they are composed of people working the way they know how. We should bear in mind that we live in an era in which many of the things we do and make can no longer be carried out on a personal basis

or by cottage industries. For better or worse, we do require institutions and production units that have the complexity, scale and continuity of corporate entities (though they should in general be substantially smaller than at present). The essential task to be done is to take them back as chartered servants of the People, and revoke them as free prerogatives of the privileged. The prerequisite charter to reclaim is that of the money-creation franchise.

Perhaps the enemy is Roger-Smith-type CEO's, supreme military commanders, media magnates, or other high and privileged executives of the system. As in the above-invoked example of Bernanke of the Federal Reserve, they are all retained agents, and have strict mandates and limited ranges of control that go with their positions. They are helpless to break them without being broken themselves. One would hope that many would find the courage to do so (some have), but can we expect that to happen in large numbers, or to make a significant difference under current conditions even if it does. Can we make the personal judgment that we would do any better if we were in their position? Listen to how people talk. Many, it seems, know the answer to the world's problems in their estimation, and would "if they were king" impose their own idiosyncratic notions if they had the seductions, perks and prerogatives of power.

Perhaps the enemy is elite secretive organizations such as the *Bilderbergs*, *Trilateral Commission (TLC)*, the *British Round Table or Council on Foreign Relations (CFR)*. As institutions, these are indeed worrisome as concentrations of unaccountable power. They are, however, still composed of people who serve primarily in other roles, many of whom are known to us by more benign associations, including Jimmy Carter, Bill Moyers and Shirley Temple Black.

Perhaps the enemy is the *Skull-&-Bones*, *Illuminati*, *Knights Templar*, *Rosicrucians*, *Freemasons*, and other "dark and occult" brotherhoods from ancient times. The Catholic Church often gets caught up in this association as well. The amount of verbiage out there professing this view is voluminous. I find it to be entertaining, and in some ways informative, but often shallow. It is an easy chance for self-appointed experts on talk radio to pose as members of an eminent elect who have penetrated the secret depths of the way things operate. In my view, it seems more like an intellectually inbred field of study that propagates itself through its practitioners adopting each other's assumptions, reconstituting each other's works and playing off an easy sensationalism (which is not to dismiss that there may indeed be significant elements of truth in what they are presenting). A telling argument against a simplistic conspiratorial causation for the monetary problem is that almost all the people who

were responsible for the founding of America were Freemasons, who thereby set up the greatest vehicle of opposition to the capitalist principle (notwithstanding that it has been largely co-opted since then). If there is any significant conspiracy associated with the secret-occult-societies paradigm, it likely operates in a reverse manner. It may be gladly tolerated, if not actively augmented, by leaders under the sway of the money-power as a means of intercepting attention that approaches the usury core of the money-power issue, and then diverting it into an ineffective direction. The cynical view that some of these ideologues have of the American Revolution is quite fantastic.

Perhaps the enemy is “space aliens” (I won’t even go there).

Perhaps the enemy is the bankers. After all, aren’t we talking about bank money as being the root of all this evil? My experience is that bankers are generally decent and honest people who are providing a necessary service. They are rigidly trained, closely regulated and have heavy fiduciary responsibilities. They experience less latitude to realize, make known or act upon any misgivings than the rest of us. A better case could be made regarding world’s central bankers, but, as opposed to being fundamental decision-makers, these are essentially agents tending the monetary machine.

Perhaps the enemy is the Jewish bankers. It is tempting to pass on this one because it is such a third-rail topic, but I think that we must talk about it because leaving the spin to the demagogues of the world has caused trouble for centuries, even of holocaustic proportions. Much of the more effective and better researched material on the bank-money issue (in a strictly technical sense) is carried on within mindsets that are, seemingly, steeped in antisemitism. Many more benign activists on the monetary question pick up on their work because the subject has become so “radical” and taboo that theirs is almost the only scholarship available, but often they don’t have enough grounding to not be corrupted by it. This is a major topic that begs to be addressed, but there is not room for it here. The trick for staying out of the anti-Semitic trap for purposes of this treatise is to hold in mind the certain conviction that the blame for the debt-money problem is not any other “they” out there, be it George Bush, Allan Bernanke or “the Jews.”

## **“HE IS US”**

So who is the enemy? In the immortal words of Pogo, “*We have met the enemy, and he is us.*” The enemy is *We the People*, severally and together. This is a peculiar statement I



know, but in what other areas of our life are we not at once our worst enemy, and our ultimate hope? Why should it be any different here?

Like many terms that are liberally invoked, *We the People* could use some clarification. As members of a democratic society, each of us has a bipolar identity that is paradoxical in nature. We are all at once the governed, and the government. *We the People* is the name for the governed. It is the precious personhood that possesses inalienable rights, such as “life, liberty and the pursuit of happiness.” It is at once both the individual that breathes, works, plays, hates, loves, curses and prays, and the collective social body of us that works together for the good of all. It is the reason for which all else exists. It includes absolutely everyone, from the President to the most “forlorn wretch” on death row.

When *We the People* act in an executive capacity as stewards of the commonweal (or woe, if we fail), we are the Government. We all operate on one or more levels in that function, and hold corresponding offices. At minimum, we all hold the office of citizen. It is organizationally speaking the lowest level, but also the most important since it is the foundation and source for all the rest. Its duties range from staying informed, to caucusing at town meetings, to voting, to helping each other in need, to observing the law, to picking up trash off the sidewalk, to seeing that all members of society get “equitable” (whatever that may mean in a given time and place) treatment. Its highest skill and virtue is to fearlessly seek, speak and practice the truth. When speaking of government, the highest is the lowest. All the “higher” offices serve at the behest of the citizen. Power flows up; service cascades down. At least that is the ideal.

The problem comes in when *We the People* do not exercise our duties as citizens with sufficient diligence and integrity. Then the power flow becomes confused, or even reverses. As agents of an accountable government we are responsible for our own problems. If we are willing to buy snake oil, we will get snake oil salesmen for our executive officers. That is basically where we are at present. We have bought into the snake oil of bank money as the solution for everything. There is nothing in the foregoing historical and economic analysis that is hidden, as all of it, and much, much more, is readily available in the public record. The truth has laid unclaimed in the dust in the middle of the road, while we have left our tire tracks all over it on our way to buying snake oil.

The common perception is that there is an oligarchy that is exploiting the people for its own selfish purposes. Indeed, there are indeed highly secretive and even murderously conspiratorial cabals of privileged people who do just that. Not nearly everything put out on

the subject is true, but to dismiss it out of hand as conspiratorial paranoia is to be in dangerous denial.

It is also true that there is a large “bourgeoisie” that is only too anxious to deem themselves to be the best and brightest, and deserving of their relatively well-off position in the pecking order. They are particularly offended by any suggestion that their status is not earned, that they don't provide the bulk of the jobs and pay the lion's share of the taxes with “their” money. Financially speaking, this may have a degree of truth, but it is the life force spent in those jobs, for the most part, that is the basis for “their” money. They rhetorically exhort others less “accomplished” to follow their example of material achievement, but tend to overlook some inconvenient facts. Not everyone is destined to be doctors and lawyers (someone has to bus their tables, make their luxury goods, and stoop in the field to pick their food). The privileged niches they occupy could not absorb proportionally a great many more candidates. The world could not support everyone living at their level of consumption. Whatever their admitted hard work and expertise, others work at life tasks that are also as, and sometimes more, skilled and demanding, with less respect and reward. They tend to become Republicans.

It is also true that there is a large “proletariat” that works hard, raises their families and otherwise makes their way in life for less economic remuneration. They are, however, relatively consumed with bourgeoisie envy, and are only too willing to stretch their lifestyle and finances beyond their need in an attempt to imitate trappings of the “good life” or the “American Dream.” They are greatly more predisposed to descend into debt for this cause, rather than question the nature of debt and what it is doing to them and their world. When they go on strike against the system, they go for a bigger piece of the pie, rather than challenge the obvious anomaly of why those who produce as cannot a whole buy the proceeds of their own labor. They are disaffected poor white folk and people of color, and they tend to become Democrats.

It is also true that there is a large “underclass” of those down-&-outers who have “fallen through the cracks of the system.” They often behave on a level that is grossly dysfunctional and inimical to their own interests. They feel alienated and justified in fighting back by going for all the social programs they can get, or perpetrating petty scams against the system. They tend to blame the politicians and the exploiting classes as being responsible for their condition in life, and identify themselves as victims. They otherwise often avoid constructive political participation.

Do not misunderstand. My purpose is not to judge or mock anyone. I understand that these stereotypical descriptions are overly negative and simplistic, and that they do not do justice to the all-too-real burdens and dilemmas that people of all levels and niches struggle with. I would also hasten to add that there are many other ways to divide society into power hierarchies separated by horizontal layers, be they based on race, gender, ability, ethnicity, religion, or whatever. They each could be described in terms of their virtues or besetting dysfunctions. There are, indeed, pressing issues based on these distinctions that demand attention, and it is well that they be addressed politically. For the most part, they are addressed, and most sincerely by many eloquent voices. My intent here is not to add to that, but to **intentionally discomfit the reader**. The sword of truth cuts both ways, and it is essential that we be willing to look at our part in the dark side of all questions. That is where the missing dimensions of our answers are to be found. To think otherwise is to be in denial, and dooms us to the endless manipulations of those who would be panderers to our common human weakness for self-justification, passable appearance and lukewarm commitment.

The division in society that needs more attention is not the horizontal breaks between layers, but rather a vertical cleavage that cuts down through the center of all layers. It is the divide between our better and lesser selves. It springs from the temptation of all of us to criticize the system in ways that put us at disadvantage, but to accept as our due those things that put number one on top. This is the critical flaw that the money power exploits to divide and rule.

Its modus operandi is to propagate grievances between social strata, and then ostensibly address them with a patchwork of perks and programs that play upon the fears, prejudices and resentments of the people affected. A classic example is the destruction of a proud and self-reliant Native American culture, and the subsequent resentment against them for the dole they were forced to accept as a substitute. Another is the oppression of Americans of African descent, and the resentment occasioned by compulsive affirmative-action programs. These remedial measures may have a limited application, but they are not ultimate remedies for what caused the problems in the first place. As the generations roll, these fixes become complicated by their own contradictions in spite of progressive activism, and the resolution comes to be seen as out of reach. The process was described wryly by Howard Zinn in his book, *A People's History of the United States*:

*"How skillful to tax the middle class to pay for the relief of the poor, building resentment on top of humiliation! How adroit to bus poor black youngsters into poor white*

*neighborhoods, in a violent exchange of impoverished schools, while the schools of the rich remain untouched and the wealth of the nation, doled out carefully where children need free milk, is drained for billion-dollar aircraft carriers. How ingenious to meet the demands of blacks and women for equality by giving them small special benefits, and setting them in competition with everyone else for jobs made scarce by an irrational, wasteful system. How wise to turn the fear and anger of the majority toward a class of criminals bred – by economic inequity – faster than they can be put away, deflecting attention from the huge thefts of national resources carried out within the law by men in executive offices.”*

The besetting illusion of the People is to see the short end of inequities that we are obliged to bear mainly as grievances that require resolution in our, or our groups favor, rather than as indications of deep structural problems, the answer for which we have to confront within ourselves. We as a society tend to assume that process of being advocates for our own interests is the essence of the democratic process. There is some legitimacy to that, but as a whole answer it comes up far short.

Taking it one step further, I believe that even our ostensibly most laudable motivations, actions and cultural values call for fearlessly candid scrutiny. We are virtually all invested in the debt-money paradigm to the eyeballs, and it is going to take a large measure of honesty and courage to break free.

There was a dismaying exposé of welfare fraud on one of the TV news magazines some time ago. Several conservative acquaintances seized upon this to impress me about how it is the “welfare cheats” that are causing our budgetary woes. What they failed to notice is that the promo for the next show featured a piece on rip-offs in the automotive repair industry (middle class parasitism). The evening news immediately following headlined corruption in high places. So who is to blame? Is it high, low, or in the middle; or is it a human failing that manifests across the full spectrum of our culture? In my view, it is a manifestation of the universal temptation to scam the system. Those in privileged places tend to do it in opportunities available to them, and those in lower domains behave likewise in their respective spheres, while each envies, fears or blames the other.

In the final analysis, the distressing situation the world finds itself in today is not an us-vs-them phenomenon. Dare I say, we have virtually all succumbed to the something-for-nothing allure of monetary flim-flam. We have all dutifully lined up against the better angels of our being in the sucker-born-every-minute parade. Economically speaking, it is not necessary that we be bankers to participate. Why is it that we have been plied with coupons, year-end-

sales, I.R.A.'s, paper inflating "investments," personal deductions, bogus tax "progressivity," "exclusive" offers, lotteries, "free trade" rhetoric, freebies, bribes, tax-&-spend demagoguery, budgetary doublespeak, consumerism, Federal deficit wishful thinking, politicians' promises, economic ideologies and other gimmicks, obfuscations and scams of countless descriptions? It is because we fall for them. We think they are real. We live our private lives in many ways that succumb to the notion of private gratification over common sense. We tend to not ask too many questions about the system as long as we feel benefited. This is often true even of the least privileged. It has long been a common technique of demagoguery to give crumbs off the table to the least privileged so they will defend the system out of fear of losing what minimal perks they have. I don't mean to belittle anyone about this. I know too well that I am guilty. I suspect that virtually every one of us is.

Politically speaking, the same is true. It is not only in the corridors of power that we are bought off. We rake the politicians for their venality, but they are our politicians. We have effectively demanded of them that they be what they are. I have been involved with several who have in their own ways tried to be something new, but the reflex opposition by the people, even to the exclusion of suspending judgment to allow an honest hearing, is almost insurmountable. Like it or not, we almost all have a political and ideological comfort zone, and we are loathe to venture out of it. As an inner reality, this can be equally true for activists or passivists, progressives or reactionaries, liberals or conservatives. The task at hand for all of us is to break out of our habitual reflexes, and deal with people instead.

In my experience, the most effective gambit invoked by the incumbent powers is to insist that a vote for any alternative candidacy will split the vote total of some conservative tweedle-dee or liberal tweedle-dum, and we will take the rap for getting the "bad guy" elected. It is time that we started doing our own thinking about this. The truth is that the liberal/conservative dichotomy has evolved into a good-cop/bad-cop con game serving the same old debt-money regime. The whining about the corruption of "the politicians," "the bankers," "the system," and myriad other amorphous "they's" out there is ceaseless, but just try to break people's attachment to the status quo for fear of some limited and transitory partisan loss.

I feel the most dismayed, not about the predations of those with power, but about how readily the People have internalized their values and signed up as agents of their devices. That is our fatal failing, but it is also the point of leverage by which the whole situation can be turned around. If we profess to be a democracy "of, by and for the people," then let us be

one. Democracy in its highest sense is not a merely numbers game. It is the quest of a society seeking for the truth. I subscribe to the maxim, *'One alone with the truth is a great majority.'* Civic political participation per se, while laudable, is not enough, no matter how widespread. We should not be thinking here of merely participating in caucuses, going to the polls or demonstrating in larger numbers. What good is that if we are just going to argue over the same tired list of half-baked resolutions, or give tweeble-dee or tweedle-dum more votes (that only enhances their legitimacy), or marginally affect an issue, but miss the cause? What is needed is a concerted effort to awaken to a deeper and more transcendent principle by which to act.

What might this principle for our time be? In political terms, I have a suggestion. The foundation of the "whole empire of Mammon" is the "strange superstition" of usury-based bank-money cancer. It needs to be supplanted by the principle of constitutionally-lawful, public-issued, usury-free (i.e. "interest-free") currency. This is not much to learn. We swallow huge bodies of incoherent nonsense, and make them the law of our lives in many ways (for example, the 6,000 page, bizarrely-dubbed "progressive tax code"), yet eyes roll back when the subject of the nature of money comes up. Why is that? It is because we have been so thoroughly deceived and mystified that from cradle to grave that we are scarcely able to recognize a lucid thought on the subject. This is "high finance," we are impressed to think, which is better left to the "experts." Wright Patman offered a different insight:

*"This is what representative democracy is all about . . . Are the issues dealt with by monetary policy so difficult that the people cannot understand what is at stake? By no means. The fundamentals of economic can be understood by anyone. Monetary economics is not nuclear physics."*

## **A NEW WAY FORWARD**

Once one "gets it," one's worldview changes. This is the saving grace that can transform everything. Once one has seen the light on mankind's abstract creation which augments the natural material and energy exchange flows, i.e. money, the solutions to incomprehensible and irresolvable quandaries become obvious and simple. The dialog on all issues begins to unfold quite naturally in a new and more open-ended way. Instead of the endless ideological haggling over taxes and budgets, the deliberations turn to the physical and human possibilities of what can be done, with perfect assurance that any viable vision can be monetized debt-free. The axis around which the world rotates becomes evident. One

begins to wonder at how an entire civilization could have stumbled around in the dark for so long.

We should not presume ourselves to be right and those 'narrow-minded right wingers, greedy capitalists, pro-corporation Republicans, stuffy conservatives, vainglorious warmongers and other lewd and lesser folk of the Bush team' to be wrong. We have a special witness to bring to life, and so do they. We all come to our personal truth through our unique character and experience, and it will take the best of every one of us to arrive at the larger realization. They are part of our process, as we are part of theirs. Good faith outreach and respectful dialogue should be the order of the day. To do otherwise is to drive home the wedges that powerful forces have fashioned and handed to the People for that very purpose.

We should practice humor with an edge to expose the foibles in contending positions. Humor is a powerful force for cutting through the crap, so to speak. We should, however, not be mean spirited, and we should entertain a lively self-deprecating humor about ourselves as well. We all have our folly, and it is lightening to acknowledge that.

It is challenging at this time for those who were in opposition to the war to practice magnanimity of spirit. In what they perceived as an afterglow, the advocates of the war agenda paraded triumphantly and gloated over the ostensible stupidity and mendacity of the Anti-War Movement. Why, they said, couldn't we admit that we were wrong about everything as we saw Hussein's statue coming down in Baghdad and Iraqi citizens welcoming the Coalition troops (notwithstanding that we subsequently learned about how small and limited that demonstration was)?

Our response to such expressions should not be reactive, but centered in our own good natures. As human beings, we cannot help but rejoice at the exuberance of new freedom many Iraqis felt, and indeed must still feel. We might even deign to admit that indeed there is a plus side of the invasion, and not be glum in our response to events as they are. It behooves us to be generous of spirit, and maintain an abiding circumspection before the complexity of realities that underlie events. Even if this nation had followed the course that the Peace Movement advocated, there still would have been trade-offs and contradictory images that would be problematic to deal with. In the final analysis, can we presume to be God and know the optimum dispensation of events in the largest sense? What we can do is accept things as they are, and be constructive and patient in our attitude. We can welcome and build upon whatever good may manifest, whether it be good will generated by the conduct of our troops, or useful infrastructure built with the material proceeds of the occupation.

There is a phenomenon in chemistry called a “super-saturated solution.” This is a state in which salt is dissolved in a solution at a concentration that is greater than 100% of what it can theoretically hold, yet it remains dissolved. This occurs because there is no grain of salt in the solution to form a pattern to organize its precipitation. If even the tiniest true grain is tossed in, like magic the excess salt in the solution spontaneously begins to precipitate into a crystal that replicates and amplifies the pattern contained in the initial seed grain. The state of the macro-political climate at present is analogous. The energy in the hopes, fears, debates, activism, anxieties, seeking and prayers of the people around the world about the present state of affairs constitutes a mighty social/political/economic super-saturated immersion. There is a great deal of angst-ridden argument out there about having to find a new and better way. Many issues are raised, some which approach tantalizingly close to the core truth about money, but we remain yet at a collective loss as to what precisely the problem is, and what exactly can be done about it. If the seed crystal of a true alternative can be sown into the public consciousness, what would precipitate out would be breathtaking. This is no mere metaphor, but a principle of real power and change.

## **COMING FULL-CIRCLE**

We are at a point of reckoning. The wheel of history has turned. Mankind has come full-circle from that first time when it entered into his heart to diverge with his own creations from the original harmony of nature, thereby opening Pandora’s Box of earthly possibilities and woes. To be sure, his accomplishments have been exceedingly clever and impressive, but he has placed the whole of life in peril of being annihilated on many fronts. It is now difficult to determine if we are in more danger of perishing from nuclear annihilation, engineered disease pandemics, disappearing genetic diversity, mass chemical poisoning, over population, a devastated and dying environment, depleted and toxic nutrition, political chaos, runaway technology, moral depravity and social madness, the intervention of worried space aliens, or the wrath of a vengeful God. The 20th Century was explosive, and all the environmental, technological and sociological J-curves are now headed straight up. There is no room for our pathologies to double and redouble any longer.

The progression of mankind’s material mayhem has been mirrored by the abstract device he created to facilitate it, namely mediums of exchange, or “money.” From the most primitive of exchanges, the concept has evolved into a vehicle of near absolute power, liquidity and ubiquity. It is now infected with a nearly all-consuming economic cancer, and



there is no room for its compounding-usury appetite to double and redouble any longer. As a practical matter, it is virtually impossible to contemplate untangling the whole of the mess we are in on an issue-by-issue basis, especially when the core money creation problem runs amok, unidentified and unchallenged. On the other hand, the public reclamation of the money-creation power at its source is eminently understandable and doable, and that of itself opens the possibility of addressing everything else in a comprehensive manner. It constitutes a true cutting of the economic Gordian Knot.

The Peace-&-Justice movement must reexamine itself in the light of the above. There is too much of a tendency to assume we just know, and then rush to the barricades without doing a continuous and open-ended reevaluation of prevailing assumptions. The monetary issue is no nuance. Nor is it an ideology. Nor is it item #11 to be appended to a list of 10 progressive principles. Nor is it merely #1 for that matter. It is rather the engine that drives the other 10 to perdition. It addresses how things work, just as certainly as a capitalist or communist would have to deal with the same unalterable physical verities when fixing a machine. How we step up to this challenge will temper and tune the entire character, spirit and ultimate efficacy of the effort. There is nothing here that is intended as a judgment about the Peace-&-Justice Movement, or anyone in it. It is rather a statement about the human condition. It bespeaks of a rod all must pass under, regardless of where one makes one's mark in life. A willingness to submit ourselves to that necessity will make all the difference between merely walking through our nominal roles as melodramatic actors upon the world stage, or fulfilling truly our reason for being.

## **WHAT TO DO NOW?**

The moment brings to a head some dilemmas and contradictions in the positions of the Anti-War Movement. Suppose that it had brought sufficient political pressure to head off the war. Saddam's murderous regime would still be in power, deadly sanctions would remain in place, and the potential for a more terrible conflict in the future would continue to fester. How, specifically, would it have advised that the Baath regime be gotten out of there? What is more, getting its way would have set the Anti-War Movement up for taking the rap for everything negative that transpired after that, with little control over the levers of power controlling events and spinning perceptions. We can be sure that we "appeasers and apologists" would have been the reason for the larger conflagration to follow.

But, we imagine, wait until the fallout from this thing hits home. Wait until the cost to the domestic economy shows up in the state legislature, city council and unemployment line. Wait until the soldiers handling depleted uranium come down with Gulf War Syndrome II. Wait until the sentiments of the Arab world boomerang. Wait until all the new Al Qaeda recruits we are creating visit upon us a bigger devastation than 9/11. Wait for the “chickens of the system to come home to roost,” and then everyone will see. One trouble with this is that it essentially puts us strategically in a position of waiting (in the eyes of many critics, hoping) for catastrophically negative results so our truth can be vindicated. These negatives do not form a sufficiently vital vision to persuade others to join in with the peace movement’s efforts. They certainly do not do much to engender a feeling of hope.

There is a common mindset that will say that what is being presented here is very interesting, but for all its imperfections, capitalism is the form of economy that historically has brought to the people the greatest freedom and material abundance. This is a grievous distortion of reality. The important point to remember is that no economy exists in a pure form. They always partake of an amalgam of disparate elements and principles. All marketable physical wealth is brought into existence by the application of human initiative, intelligence and labor to God-given material and energy resources. To the extent that this is expedited by a free-flowing and neutral medium of exchange, we can say that the resulting economy benefits from the application of the free-market or free-enterprise principle.

If, on the other hand, there is imposed on the top of the health of the body economic a parasitic entity (such as the co-option of the franchise for creating its currency, charging a compounding interest for its use, and bending every law and institution to its benefit), that is the capitalist principle. It is a cancer that feeds on the free enterprise body. It is **not** an option that stands by itself. It not only consumes the body-economic’s health and substance, but it also tries to camouflage its presence by co-opting the language and identity of the host. To describe any economy as “capitalist” is like calling the body which cancer feeds upon by the name of its disease. There is no such thing as “capitalist production,” any more than there is “cancerous health.” There is only a sapping of the real heart, sweat and genius of the People by an alien ideology.

But, some will protest, isn’t there a need in a modern economy for capital accumulation for the performance of large scale, altruistic or risky tasks. Indeed there is, but this is fully possible under free enterprise in ways that capitalism could not match. Historically, capitalism’s means of control has been to starve an economy of currency until its demands

were met. It should be noted that when this country found it necessary to fall back on the largest and most enabling economic regime possible due to a threat to its very existence, namely during the Revolutionary War, Civil War and World War II, it resorted to a closer adherence to the free enterprise principle. This invariably revitalized the country, but unfortunately set up the opportunity for the periods of renewed monetary mischief that followed (It didn't have to be that way).

It is axiomatic to say that reversing the founding assumption of a paradigm radically changes the identities and relationships of all its parts. Reclaiming the currency would transform the debate on all issues at once. A new public discourse would unfold quite naturally in ways that are un-imaginable now. For example, financial costs incurred by the Iraq and Afghan Wars could be overcome virtually instantly and without economic trauma. The funding to help those countries rebuild, and to fully actualize our domestic economy as well, would be immediately available with no deficit hangover if the physical capacity available was monetized freely with public currency (American and Iraqi), instead of financed niggardly with credits "borrowed" from private banks.

The possibilities unlocked by going to a free currency are limitless, and they can only be hinted at within the confines of this treatise. It is my hope that the reader will be intrigued enough by the possibilities that he or she will join in the dialogue to explore them further. My purpose here is to not to describe them comprehensively, but rather to shift perceptions so that we may discover that starting point from which a new vision of economics, public policy and consciousness might unfold. The idea is not to out-nuance the opposition in the arena of the common discourse, but to pluck the whole inane argument out by its root.

## **THE MONETARY SYSTEM IS TRIED IN COURT**

There was a court ruling in Minnesota in which Federal Reserve Notes were specifically declared unconstitutional. In the case of *First National Bank of Montgomery vs Jerome Daly* in Scott County, in December 1968, the bank sued Mr. Daly for nonperformance on a mortgage. Mr. Daly claimed that he was not obliged to perform, because the money issued by the bank was only a fiction, created by a bookkeeping entry and backed by nothing, in violation of the Constitution. The judge and jury unanimously agreed with the defendant. Justice Martin V. Mahoney stated in his decision, "*The emission of Bills of Credit upon the books of these private Corporations for the purpose of private gain is not warranted by the Constitution of the United States and is unlawful,*" and further declared, "*These Federal*

*Reserve Notes are not lawful money within the contemplation of the Constitution of the United States and are null and void.”*

One might suppose that the banking industry would not let a decision so obviously inimical to their interests stand as a legal precedent. Evidently they calculated that it was best to not risk taking this dispute to a higher court. Had it risen all the way to the Supreme Court, it could have undone their whole empire. Even the publicity would have been potentially lethal. This view was supported by Patman when he asserted:

*“There is little doubt in the author’s mind that if any legal challenge were ever raised to the Federal Reserve’s monetary policies, the courts would hold them unconstitutional.”*

The dimensions of the monetary transformation are both esoteric and exoteric. The inner task is for each of us to endeavor to perfect ourselves within, and rectify our relationships with our fellow beings without, in preparation to be worthy and able to handle the powers and blessings that would come with true economic dominion. This is not a sentiment; it is a requirement. Otherwise the full potency of the money power will be released to humanity when it has, spiritually-speaking, not matured beyond a condition of petulant adolescence. We can take a lesson on this from our experience with technology. That scientific prowess has poured forth a cornucopia of benefits is beyond doubt, but whether in the end it will lead to the liberation or the undoing of the human race and the planet is still an open question. Blessings are only blessings if one can grow with them.

Some might worry about whether a change as revolutionary as the tipping over of the existing monetary regime and attendant paradigm, might become wrenching and violent. First it should be affirmed that this is not a revolution against anyone. Its purpose, rather, is to overturn a sinister principle. It is more on the order of a rescue mission, and, as for a burning building, no one is to be passed by; **no one!** It would feel like waking up in the morning from a nightmare, to a bright and new world of possibilities. I can imagine that even the highest bankers and their progeny would wake up happy and relieved in a new world. To be sure, there would be a transition to work out, but even at its most intense, that would be less stressful than the numbing anomalies we already live with. The alternative of continuing in our accustomed desultory opposition and not pulling it together for the time of final reckoning carries implications that are terrifying to contemplate.

I believe that the mere fact of such a revolution would send abroad a message that would electrify the world at once (It would give new meaning to “Shock and Awe”), and would transform the context, motivations and options surrounding all issues. “All bets would be off,”

in a manner of speaking (happily so in this instance). We have underestimated the hold that the ideals of the American Revolution have on the world's imagination even now. It probably explains more of why so many people dream of coming here, than the allure of owning more cars and TV's per capita than the rest the world. Recall the Tiananmen Square Statue of Liberty. Even rampant anti-Americanism is a backhand tribute to this nation's founding ideals. It would not be so emotional if the promise they embodied was not on some level envied, and indeed longed for. The fervor of anti-American sentiment is, in a peculiar way, an expression of the betrayal others feel because we do not live up to our own "dream." Reinvigorating our own founding inspiration, history and ideals would be a thoroughly authentic way of reclaiming our moral vision and authority.

It is imperative that this nation at last outgrow its spiritual adolescence. It needs to get past its juvenile military triumphalism. We should stand up and take mature responsibility for its history; the distasteful episodes, as well as the good. There is much of both. We should relearn our heritage, and know it for the first time. This cannot be done without rediscovering America's monetary providence. We should freely acknowledge our darker chapters, and apologies and restitution may be in order. We should offer up our newly reclaimed vision. We should invite other nations to do the same in their respective spheres. We should put forth a new policy, whereby the old debt-money imperialistic order is pronounced dead, and work to see that its vestiges are uprooted and eradicated in perpetuity. This should include a definitively worded Constitutional amendment that leaves no chance for backsliding. We should declare that henceforth, the sovereignty of all peoples and nations, with their concomitant lands and resources, will be respected and protected. We should discharge our obligations in the Middle East on that basis. I believe that the Islamic world would be quick to trust us if we did, and would at long last embrace us as brothers.

The above may seem a lot to take in. If this treatise has achieved its intent, it represents a radical shift in the present worldview, and not just another argument. I acknowledge that in some respects this presentation is overly broad, in fact painfully so, and there was a constant temptation to expand it in a more satisfying manner. My enthusiasm, however, is constrained by my purpose, which is not to exhaust the matter, but to bring it to awareness in a culture that no longer has a conceptual context in which it can be adequately expressed. The message needed to be distilled into a slim-volume-sized tract. Gross contraction was inevitable.

On the flip side, this is barely the beginning of the possibilities for a new public discourse. I also have writings from other angles and on other subjects that are consistent with the thrust of this one, and there is a potential for many more. There is the promise of a truly expansive new vision on the other side. I would be interested in receiving thoughtful feedback from anyone who is interested in exploring it. References for quotes and facts specifically invoked are available. I could use material help in staying engaged, securing resources and getting out the dialogue.

Some might say that this essay is too simplistic or idealistic. I find the ring of truth in Henry David Thoreau when he said, *"If you have built castles in the air, your work need not be lost; that is where they should be. Now put foundations under them."* Every great movement started in a lonely corner with someone's simple thought. I would wager that all persons have such inspirations, but dismiss them as merely our own. Few have the audacity to believe and follow them with sufficient conviction. It is time that We the People stop being intimidated into sacrificing our life force to the monetary idol of Baal. We should, rather, trust in our own common sense and unique American inspiration.

We should also come to understand that the American Revolution was not a war. It was a revolution in consciousness. It came to war because even our vaunted "Founding Fathers" grasped it only in part. For all their admirable wisdom and virtue, they were an imperfect and squabbling lot who barely grasped the moment destiny had entrusted to them. They didn't know they were "founding fathers." Had they gotten their heads straight and hearts bonded together with sufficient clarity, the British would have had little option but to walk away. That is a lesson that such movements as Gandhi's non-violent civil disobedience, the civil rights movement and the collapse of the Soviet Empire have taught us. Earthly power, however imposing, cannot stand in the presence of the great mass of the people awakened to and motivated in the truth. The lords of tyranny have no choice but to flee. They can only work in the dark. We now have a long train of history, knowledge and perspective that the Founding Fathers did not, and it is time that we pull it all together and finish the Revolution that they only started. That is the quintessential patriotic act. It is what the world is waiting for us to do.

There was a spasm of reaction when the American flag was used briefly to cover the face of the statue of Saddam in a moment billed as the tipping of the evil regime. A ripple of revulsion spread through the Arab world and beyond, as the event resurrected old concerns about military-spearheaded domination and empire. It is historically appropriate that the

reaction was in response to that particular flag. The British East India Company was the first major corporation and agent of the expansion of colonialism into the Middle and Far East. It gained the dubious distinction of ruling outright an entire country (India) and had its own army (260,000 at its peak). On the occasion of George Washington accepting command of the Colonial army, the question came up as to what flag that army would march under. Having none on hand designed for the purpose, someone produced the very flag which had been taken down from the largest of the three East India Company ships whose cargo had been dumped into the harbor at the Boston Tea Party. By sheer coincidence (or destiny), it had thirteen red and white stripes (one for each colony) and a field of blue with a Union Jack in the upper left corner. Serving under an emblem of British sovereignty would never do, of course, so a flag-maker named Betsy Ross was consulted. She replaced the Jack with stars to camouflage what was originally a British corporate ensign. The American Revolution redeemed that piece of cloth, and its redemption has been revitalized in part any time this nation has acted in accord with its ideals. Unfortunately, on balance that redemption has slipped, and the Revolution has become co-opted over time, until it represents to a great extent in practice the tyranny from which it originally broke free. Now that flag goes back into the same region, this time under American corporate hegemony, serving the same bank-money master. It is incumbent upon We the People to complete the American Revolution at long last and redeem the Stars-&-Stripes for good. It is time that it brought the Jubilee to a "debt"-indentured world.

## **REGAINING CONTROL OF OUR DESTINY**

In *Religion and the Rise of Capitalism*, historian R. H. Tawney observed:

*"Few who consider dispassionately the facts of social history will be disposed to deny that the exploitation of the weak by the powerful, organized for purposes of economic gain, buttressed by imposing systems of law, and screened by decorous draperies of virtuous sentiment and resounding rhetoric, has been a permanent feature in the life of most communities that the world has yet seen."*

It is time to arrest this tragic litany. Throughout history there have been many struggles to win the rights, protect the dignity and insure the welfare of mankind. These demands have unfailingly been resisted by a reactionary establishment, whose power is rooted in the economic currency of their day. It at first denies, then stonewalls, then grudgingly accommodates the demands. Indeed, it can be argued that it eventually preempts and

incorporates the changes for its own devices, as part of the *“imposing systems of law”* and *“decorous draperies of virtuous sentiment and resounding rhetoric”* with which the system props itself up. Chattel slavery is abolished, universal suffrage is won, the rights of labor are established, a social safety net is laid out, environmental protections are passed into law, and a multitude of other reforms are accomplished. Society moves ahead by quantum leaps.

Still, there is something crucial we are not getting at. That is that the energy of our civilization, and in turn its social, political and economic structure, is still controlled from the top for the benefit of the few, rather than percolating up from the bottom for the welfare of the People. Indeed, it may be argued that the polarization is getting worse, and that we, as a species, are lurching dangerously close to self-annihilation. The reason for this, I believe, is that we have not properly recognized the bedrock importance of the nature and control of the monetary system. Money is an abstraction. It is weightless, colorless, odorless, ephemeral and intangible in every physical way, yet it seems to control everything. It is the vital essence, the prana, the chi, the etheric energy, the life's blood of the social order.

To draw a medical analogy, if a pathogen attacks a body, it does so through the blood, the fluids, the nerve synapses, and other processes by which it circulates energy to live and grow. If a pathological agenda attacks a socio/political/economic body, it does so through the monetary system for the same reason. This is not just another issue, but a little recognized reality that underlies all issues. We have come to an unprecedented point in history where it can no longer await its turn for attention. Mankind has reached the stage where it has the power to threaten its very existence through many avenues. It must at last gain control of its own energy processes.

Expanding the medical analogy, in a physical sense, a dead body may contain every element that it had when it had been alive, down to the most infinitesimal cell structure. What has changed is that the connection with the intangible energy which animated every fiber of its being has dropped below viability and ceased to function. An economy is much like that. The physical part abides. The sun beams down, the rains fall, the plants grow, the infrastructure persists, and the hands and minds remain willing and able to do the work. This is equally true in times of boom and bust alike. What changes is this ephemeral abstraction which seems to control everything; the monetary system. It is a paradox. It is nothing, yet it is everything. We must finally transcend that paradox if the human race is to gain control of its own destiny. In doing so, we would at once transform the debate on all issues, from an impasse in which we appear to be checkmated by lack of funds, to an open-ended march to



the future with all the physical and human resources that can be mobilized. Money would cease to be a bludgeon that hinders or drives the system. It would instead become a superconductor that transfers energy efficiently and equitably through it.

When we get fully into this process, we will be dealing not just with finances, but with a transformation of our whole civilization. It is the economic dimension of a larger key to crack the whole mess we are in wide open. We would at last break out of the debt-money straight jacket, and dispel the Federal deficit sword of Damocles. Then we will start to get a handle on our other seemingly intractable problems; social, political, ecological, urban, rural, racial, health care, or whatever. We will begin to reclaim the whole creativity, civility and humaneness of our civilization. For those with the vision to see it, this represents not merely a solution for a problem, but also the opening of a new horizon, one which could light up the imagination and creativity of a whole new generation. To be sure, the prospect is intimidating, but if we approach it with grace, determination and aplomb, it may turn out to be our civilization's greatest adventure yet.

## **A NEW BEGINNING**

I do not see the vision as laid out in this treatise to be in any way a "final solution." Rather is new beginning. In a limited way it can be thought of as a picture the normalization of economic life monetized by national currencies. This does not mean that natural evolution of the social order culminates with the nation state. Rather, it is a recognition that the advent of the "nation state" has, for better or worse, shaped to an overwhelming extent the present world order, and that it has done so through the invocation of national currencies. There are many who say that the nation state has served its purpose, and that we are ready to move on to more advanced social forms (I tend to be of this view), but I would invite the reader to look in his or her pocket and see if there is even a single credit of non-national scrip (there will be in rare cases, but even there the amount is almost sure to be relatively miniscule). This condition highlights the necessity of coming to grips with whatever the far-more-prevalent national currency represents. In its current form money means "debt," expressed multiple times over in the same bill, the usury on which will be demanded by the "creditor" before the "debtor" is free to spend it on whatever he deems meet. On many levels, both inner and outer, this represents a crippling impediment to human evolution, particularly in its chilling effect on the culture/spiritual life. The normalization of the present monetary system, then,

does not represent the end of economic history, but rather a new point of departure. There is much that could be talked about beyond this. Let us resolve to have that conversation.

## **THINKING FOR OURSELVES**

The above rumination is not a purported narration of any final truth about money and economy; not even my final truth. Rather it is a description of a segment of the path I have traversed on the way whatever measure of realization I have attained up to a point in time. In many ways, I have already moved on. It seems virtually inevitable that one's writings will lag behind one's consciousness. This is not to say necessarily that I would take any of it back (or that I wouldn't). What it is to say is that the whole truth (if indeed it could be circumscribed) is much bigger and more comprehensive than anything I could have imagined.

For example, for all my holding forth about bank-money cancer, as case could also be made that it would be possible to offer cogent arguments for retaining the operative principle of the issuance of money as debt. Indeed, many people of intelligence and good faith have. In my view it would be possible, theoretically at least, for people to make the present system work if the prevailing cultural ethic was to transform any buildup of pools of money collected as interest payments into gift money, that would be plowed back into the ground of the free cultural/spiritual life as "gift money." This may, in fact, be closer to a description of the path humanity eventually takes in its next step in monetary evolution (or it may not). This is another whole discussion, and there are many possible others.

In our quest for a "solution," it behooves us to not move from one orthodoxy to the next. We do not need a new economic paradigm (i.e. a new cultural box). Instead, we need to break any hardening of paradigm, and learn to think in a new way, in all moments, in all matters about economy. Only then will we learn 'the truth about money that will make us free'. This is only the very beginning of the discussion.

## **A NOTE ON THE SPIRITUAL DIMENSION**

In June 1940, as the prospect of America being drawn into world war loomed ominously, the American seer Edgar Cayce gave a reading in the presence of 64 people in which he promised that, *"For the prayer, and the living of same by those sixty and four who are here gathered, may even save America from being invaded – if that is what ye desire."* One person present later recalled that after the reading the discussion turned to speculations about dire scenarios concerning where the attack might come, and other such negativity. Clearly they failed to grasp the Promise expressed.

I cannot vouch for the veracity of Cayce's reading, but it does raise an interesting point. In the Old Testament, there is given the story about how if Abraham can find 50, 20 or even 10 righteous people, God would save the city. Jesus said that where there were 2 or more are gathered in His name, His power would be in the midst of them. The story of Jesus himself illustrates that God would save an entire undeserving world for the sake of one soul. Another quote from Cayce captures the principle adroitly:

*"As has been given . . . that which has prevented and does prevent the whole of civilization becoming a turmoil is the attempt of those who have the ideal of the Prince of Peace at heart! And as of old, the prayers of ten may save a city; the prayers of twenty-five may save a nation – as the prayers and activities of one may! But in union there is strength."*

I am not invoking any particular religion here. Surely a similar truth could be found in many religious or humanist traditions. The point is that, even in small groups, even as one, but more so in solidarity, we have the power to affect world events on a causal level. Nevertheless, we as stiff-necked human beings are wont to obsess about the dire, and take a pass on the Promise. This is true even for those committed to the Peace-&-Justice cause. We are quick to produce and dwell upon a laundry list of human horrors, negative scenarios and the perfidies of those in opposition, but are hard pressed to come up with a positive vision of commensurate weight.

But, one might protest, this is unfair? Isn't it the people of this movement that have already dedicated themselves to the task? In a sense, this may be true, but *"to whom much is given, much is expected."* Our virtue is not our own but works through us by the grace of a greater source, call it what you will. Our consciousness of the plague of war is an incalculable gift, and a matching responsibility. If we fail, the light that is placed in our trust fails. It will not matter that we were on the "right side" compared to others. We cannot afford to be spiritually proud or lazy. We must be willing to reexamine the basis of all our issues in life, and our commitment to them. This can start with an initial inventory, but continues as a constant attitude towards the purpose to be served. We each have our own *"stern claim and perfect circle"*(Emerson). We must take a stock of our respective lives and commitment that *"searches to the joint and marrow,"* and not be offended by the task. I do not say this in any spirit of judgment or personal criticism. It is, rather, a statement about the human condition, and its relationship towards such things.

There is an oft-quoted maxim from Margaret Meade that goes, *"Never doubt that a small group of thoughtful, committed people can change the world. Indeed, it is the only thing*

*that ever has.*” Is it too much to believe that that can apply to us, personally? If not us, who? If not here, where? If not now, when? To be sure, this is a scary prospect to contemplate. As mere mortals, we fear that we are not sufficiently strong, ready or worthy. We will each have to answer to our better selves as to whether that is a cop out.

There are those who say that the American Revolution was a cynical scheme that was set up to serve the interests of hypocritical white property owners. Indeed, a compelling case could be made for that view. After declaring that “*all men are created equal,*” the charter members defined some men to be only 3/5 of a person in the subsequent Constitution, continued to own slaves, and denied the right of the vote to women. I concede that this and much more is true. Andrew Jackson may have been a hero in the monetary story, but his record on Indian affairs was inhumane. Lincoln said a number of things that would contradict his status as an American saint. What dismaying and terrible truths would we find if we could play God and search all the way to their secret deeds and thoughts?

All this notwithstanding, they are still our antecedent historical personages, and they lived in extreme times and circumstances that it would be impossible for us to judge. Human beings are infinitely complex creatures. For better or worse, our founders were to a great extent the nexuses of the historical currents that shaped our heritage, and in particular ways many did in fact rise to the heights of courage and altruism. We can be grateful for that. They are by default demigods in the allegory by which we describe our coming of age. If the standard for historical relevancy was sainthood, we would be left even with precious few saints, as many of them began their sojourns as derelicts and dissipaters of assorted descriptions.

On the flip side of this dismaying reality is a saving grace. That is that none of us need feel unworthy. Whatever our manifest flaws and dirty secrets, we can all in good faith and earnest step up to the task, and feel qualified to do so. If we can see the shortcomings of our ancestors, then let us stand on their shoulders and take the standard a bit higher. Does this mean that we need walk piously about with our heads bowed and hands folded? Unless personally moved to do so, indeed not. Nor does it indicate that we should refrain from vociferous action when it is due. It does require that we seize upon the Promise, personally and collectively, as our own in the most loving, principled and practical sense. Let us not be goody-goody, but rather good for a purpose. I know for myself that I have long been aware of the Promise, but out of feelings of fear, laziness and unworthiness, have not stepped up

sufficiently to claim it. This rumination is not so much preaching at anyone else, as it is an attempt to gather up my own inner energy, and cross over at last into that promised Peace.

## **THE QUESTION OF PACIFISM**

There is underlying the whole war question a dilemma about whether war should ever be fought at all. I think that a pacifist doctrine by itself, without sufficient grounding, can be simplistic. There is, however, an elevation of mind and spirit which does not passively retreat into platitudes of peace, but actively aspires to that divine realm in which the universe conspires to require that no compelling need to resort to war arises. This is a subtle and tricky question. We should not be glib in response. It can only be answered in quietude of one's own meditations. The most eloquent statement I have seen on the matter comes from the Transcendentalist American philosopher Ralph Waldo Emerson. After setting up the issue with the pro forma argument against the pacifist position, that is, that it leaves one passively open to the predations of those of evil intent, he states:

*In reply to this charge of absurdity on the extreme peace doctrine, as shown in the supposed consequences, I wish to say, that such deductions consider only one half of the fact. They look only at the passive side of the friend of peace, only at his passivity; they quite omit to consider his activity. But no man, it may be presumed, ever embraced the cause of peace and philanthropy, for the sole end and satisfaction of being plundered and slain. A man does not come the length of the spirit of martyrdom, without some active purpose, some equal motive, some flaming love. If you have a nation of men who have risen to that height of moral cultivation that they will not declare war or carry arms, for they have not so much madness left in their brains, you have a nation of lovers, of benefactors, of true great and able men. Let me know more of that nation; I shall not find them defenceless, with idle hands springing at their sides. I shall find them men of love, honor and truth; men of an immense industry; men whose influence is felt to the end of the earth; men whose very look and voice carry the sentence of honor and shame; and all forces yield to their energy and persuasion. Whenever we see the doctrine of peace embraced by a nation, we may be assured it will not be one that invites injury; but one, on the contrary, which has a friend in the bottom of the heart of every man, even of the violent and the base; one against which no weapon can prosper; one which is looked upon as the asylum of the human race, and has the tears and blessings of mankind.*

What is required to attain the high plateau of a truly peaceful nation? It is a proactive seizing upon and living out of our ideals, from the innermost to the outermost. We need not take a wishful leap of faith off a pacifist cliff. For Americans, providence has provided a peaceful Revolution as a stairway to that elevated plane. We will know it when we get there. Let us be about our work.

Respectfully offered,]

]Richard Kotlarz

## **POSTSCRIPT**

I have been asked a number of times why I have not included footnotes in this document. The simple answer is that the demands in my life and in this work have been heavy, and I simply have not yet had the time to get it done (a poor excuse, I know). Until that happens, I do have most all of the sources documented, and I am willing to answer specific questions about them with anyone who is interested. Some acknowledgements are in order. There are many reference sources for this open letter, but there are a few in particular from which I have borrowed and to which I (and indeed we all) owe a special debt of gratitude.

The first is Alexander Del Mar (1836-1926), who is considered by many to be the greatest monetary historian of all time. He was the organizer and director of the US Bureau of statistics, and an actual participant in the monetary intrigue of his time. The bridge to humankind's monetary heritage would be in essential ways missing absent his contribution.

Kudos are due to a number of Congressman from years past whose heroic public service and cogent writings on the topic of money are virtually overlooked, and to whom this nation owes much. These include Charles A. Lindbergh (father of the famous aviator), Republican from Minnesota (served 1907-1917); Jerry Voorhis, Democrat from California (served 1937-1947); and Wright Patman, Democrat from Texas (served 1929-1976).

Two others are Carl H. Wilken and Charles Walters. Wilken (now deceased), a farmer from Iowa, was regarded as a founder of and the principle advocate for raw materials economics. He and a handful of close associates were largely responsible for introducing the principle of structural price parity for raw material and industrial production as the foundation for the American economy and the effective backing for the dollar, which in turned was the (now virtually unacknowledged) crucial factor in pulling this country out of the Depression,

financing WWII, and providing the impetus for post-war recovery. Walters is an economist, journalist, past president of the National Organization for Raw Materials, founder and editor emeritus for the newspaper *Acres USA, the Voice of Eco-Agriculture*, and the author of several books. Among other things, he is the chronicler of the legacy of Wilken and associates. His publications of 30 plus years have been a critical doorway for my personal awakening to the subject of economics and monetary science.

Finally, I would acknowledge a debt to contemporary monetary historian Stephen Zarlenga. He and I were for a brief period of time in long-distance contact at the beginning of our respective quests, and exchanged nascent thoughts and research materials. Since then he has gone on to great heights of scholarship, and the authorship of an epic volume, *The Lost Science of Money*, which I deem to be the definitive work on the monetary history for our time. In contrast, my meanderings led through political activism and the distracting vicissitudes of an unsettled personal life. Still, my experience has held its own trove of relevant lessons, ones which my fellow souls could surely identify with. With the work of Steve and others as essential resources, I have come to an understanding of money from a far different angle of approach than I have seen expressed elsewhere. I have relied on Steve's book for a significant part of my historical knowledge, and a number of the quotes from other voices in the historical section of this treatise were borrowed from it.

As time permits, I plan to expand and deepen the documentary underpinnings of my work, and make it more readily available. I also have a large body of other of my writings that delve far more deeply into the topic of money than the above treatise, and explore aspects of what I call "life economics" or "economic dominion". These too are available, though I am in the process of systematically recombining and revising this material to make it more consistent, accessible and reader-friendly. I expect that there will be a website somewhere in the future, perhaps a movie (one in the works), and an institute. In the meantime, I continue to hold workshops, give presentations, and engage in concerted correspondence and conversations with people across the country on money, as well as diverse other topics. I welcome inquiries, input and invitations from anyone to whom I might be of service.

Thanks,

Rich