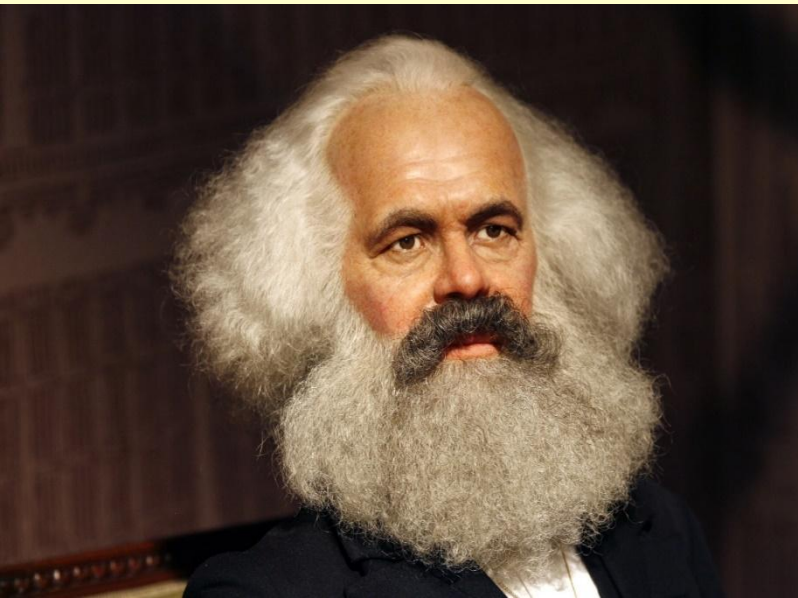
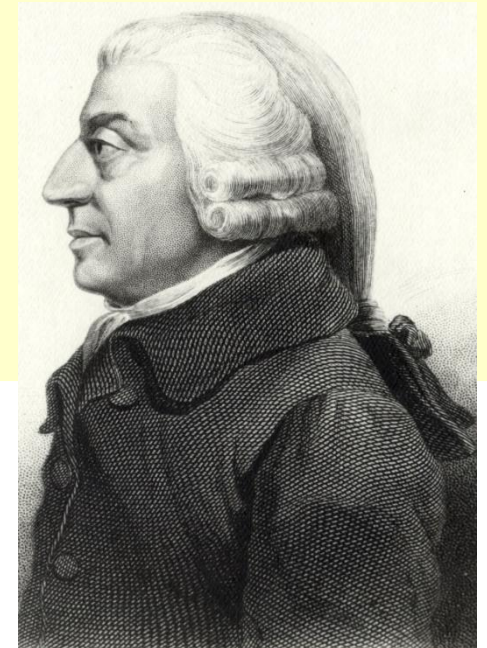


The **MARXISM + CAPITA + MONEY POWER**

Karl Heinrich Marx (1818 – 1883)



Adam Smith (1723 – 1790)



THEMES OF LOST SCIENCE OF MONEY BOOK

1. Primary importance of the money power (power to create money and regulate it)
1. Nature of money purposely kept secret and confused
1. How a society defines money determines who controls the society
1. Battle over control of money has raged for millennia: public vs private
1. The misuse of the monetary system causes tremendous misery and

MEMO

It is very interesting your observations about the continental monarchies.

They would periodically recast the coinage so that the basis wasn't lost for example to prevent deflation and unemployment. This their critics call "debasement" the currency! Yet, it was done to prevent the shrinkage of supply relative to the population that is the deflationary phase of the monetary cycle.

The Whigs and "liberals" were the ones pushing "democratic" governments because they could manipulate them. They had to remove the prerogatives of Kings who might as you say do something to preserve social stability.

There is a reason the Brits pushed out "liberal democracies". So they could coopt elites into their debt money system, and know they will get repaid from the tax coffers for public debts at the heart of their debt money systems.

PARTS OF PRESENTATION

1. The Monetary Reforms of 1844
2. Thesis, Antithesis and Synthesis
3. Marx and Anti-Thesis Appear
 - 1) Marx in Tradition of English Political Economy
 - 2) Marx's Concept of Money Mirrors Adam Smith's
 - 3) On the Quantity of Money
 - 4) On Central Banking and the Public Debt
 - 5) On Private Control of Money Creation
 - 6) The War Between Industry and Labor
 - 7) Marx's Historical Progression to Socialism
4. The Synthesis of Smith and Marx
5. Stanley Jevons' Synthesis
6. Jevons: Re-Burying the Science of Money
7. Jevons: The Right Quantity of Money

PART 1

The Monetary Reforms of 1844

The Monetary Reforms of 1844

THE BANK CHARTER ACT OF 1844:

Financial crises aroused an active movement for reform

From 1811 the Bank's policies had not only continued to impoverish the lower levels of English society but had put the squeeze on many wealthier elements as well.



Bank of England, 1844



The Monetary Reforms of 1844

BANK CHARTER ACT 1844

‘An Act to regulate the Issue of Bank Notes, and for giving to the Bank of England certain Privileges for a limited period [19 July 1844] ...

WHEREAS it is expedient to regulate the Issue of Bills or Notes payable on stop charging interest on the Government's Debt..

divided into two departments: issue and banking

issue department could issue notes against securities up to 14 millions; beyond this sum, the bank must back all notes with 100% metallic backing

silver could be up to 20% of the metallic backing

note issue of country banks fixed at the average during the prior 12 months; going forward, the Bank had the exclusive privilege of note issue

The Monetary Reforms of 1844

THE BANK CHARTER ACT:

DOUGHT THE BANK OF ENGLAND OR THE PEOPLE
OF ENGLAND TO RECEIVE THE PROFITS OF
THE NATIONAL CIRCULATION?

BY

JONATHAN DUNCAN, B.A.,

|||

Author of "Aladdin's Letters on Monetary Science," &c., &c.

32 2 11

"Was man ordain'd the slave of man to fall,
Tak'd with the brutes and fetter'd to the soil,
Weigh'd in the tyrant's balance with his gold!
No; Nature stamp'd him in a heavenly mould;
She bade no wretch his thankless labour urge,
And trembling take the pittance and the scourge."
Comptell's Discourse of Hope.

"Nothing can be more absurdly presumptuous than to substitute machinery in such a case for human intelligence. A very short time ago, the interest of money was at 24 to 3 per cent. Everybody found it difficult to employ their capital; Now, nobody can obtain it for the best security under 8, 10, or 12 per cent. The stagnation of the most legitimate trade is complete; the manufacturer seeps his works, the minister is obliged to double the interest of his Exchequer Bills."—*Lord Ashburton on the Commercial Crisis of 1847.*

"We believe that for fifty years at the least, labour, taking its quality into account, has been cheaper in this country than in any part of Europe; and that this cheapness of labour has contributed vastly to the improvement and powers of the country, to the success of all mercantile pursuits, and to the enjoyment of those who have money to spend. This state of things has placed the labouring class most effectually under the hand of money and the Aut of power."—*Times' Newspaper, 30 July, 1844.*

LONDON:

DANIEL F. OAKEY, 10, PATERNOSTER ROW.

M.DCCC.LVII.

Jonathan Duncan (1799-1865) wrote about the monetary science. No information on him is available via the internet. Professor Yamaguchi has saved his book online at:

www.yamaguchy.com/library/duncan/charter_index.html

It is also scanned on my website.

From Jonathan Duncan, *The Bank Charter Act of 1844: Ought the Bank of England or the People of England to Receive the Profits of the National Circulation?*

“In all the efforts made by philanthropists to remove or mitigate the evils of society, the question of money has been ignored; and hence their lamentable failures. It has never occurred to them that money is the half of every bargain, or that modern usury is extorted, not for the *legitimate use* of money, but for its *artificial scarcity*.”

Interest at 3 per cent. replaces capital in 33 years.

4	25
5	20
10	10
20	5

Is it surprising, then, under the Acts of 1819 and 1844, that the rich grew richer, and the poor poorer? The people should be made to understand that their labour alone supplies the country with gold, and that cupidity exports that gold to foreign nations, in loans to governments, or to sustain foreign speculations, that usurious interest may be perpetuated at home. The currency question is emphatically a labour question, and till the working classes study it, and master it, they will never obtain any efficient relief from social evils or political grievances. It would be well also for the rich to study and to master it; for all history proves to those who can look beneath the surface, that usury is the precursor of revolution, and extinguishes nationality.”

The Monetary Reforms of 1844

The Bank Charter Act of 1844 ignored the role of bank deposits as money.

Only private Bank Notes were regulated.

‘The banks got round the Act by issuing cheque-money instead of note-money.

Where previously they had printed a note and lent it out as money to their client, now instead they made a book-entry, gave him a cheque-book and authority to write cheques to those with whom he did business up to the amount of the book-entry.

The Act entrenched the private issuance of money more firmly.’

Christopher Hollis, *Two Nations*, p. 111

YEAR	PRIVATE BANK NOTES	DEPOSITS
1844	11 MILLION £	50 MILLION £
1846	7.75 MILLION £	55 MILLION £
1928	0 MILLION £	2,231 MILLION £

Thesis, Antithesis and Synthesis

Thesis, Antithesis and Synthesis

The note issuing power of the Bank had been curtailed.

The deposit creation power had not been identified and was still active.

How to keep the bank's power active but safely hidden?

Control the public with



a false ANTI-THESIS.

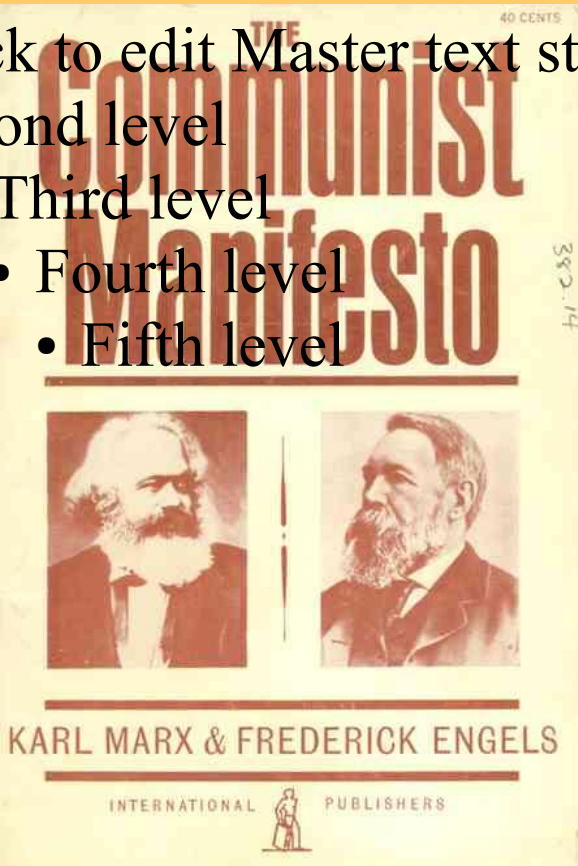
Marx and Anti-Thesis Appear

Marx and Anti-Thesis Appear

- Click to edit Master text styles
- Second level
- Third level
- Fourth level
- Fifth level

1848, THE COMMUNIST MANIFESTO:

PERCEIVED THREAT? REAL THREAT?



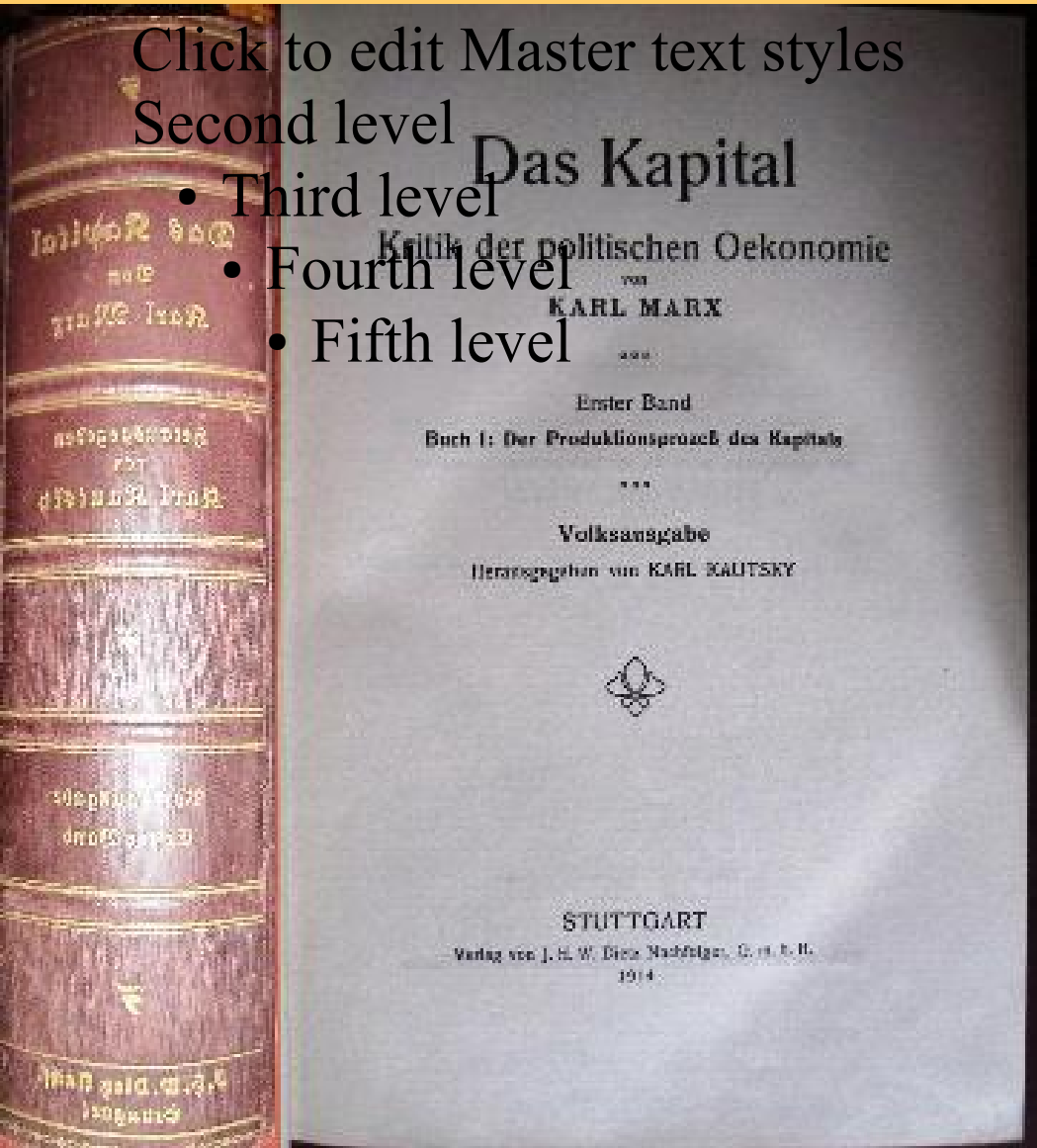
Manifesto of the Communist Party

A spectre is haunting Europe — the spectre of communism. All the powers of old Europe have entered into a holy alliance to exorcise this spectre: Pope and Tsar, Metternich and Guizot, French Radicals and German police-spies.

Where is the party in opposition that has not been decried as communistic by its opponents in power? Where is the opposition that has not hurled back the branding reproach of communism, against the more advanced opposition parties, as well as against its reactionary adversaries?

Marx and Anti-Thesis Appear:

3.1 Marx in Tradition of English Political Economy



REVOLUTIONARY?

“Adam Smith was the overwhelming influence upon the mature Marx.”
T. McCarthy, translator, Karl Kautsky, editor,
*HISTORY OF ECONOMIC THEORIES FROM THE PHYSIOCRATS
TO ADAM SMITH*, by Karl Marx

BOTH SMITH AND MARX:

- method was primarily theoretical analysis
- internationalist rather than nationalist
- largely ignored the role played by the Jews in financial history
- money defined as gold and silver commodities
- ignored how the quantity of money could affect prices

Marx and Anti-Thesis Appear:

3.2 Marx's Concept of Money Mirrors Adam Smith's

Adam Smith: "By the money price of goods it is to be observed ... the quantity of pure gold or silver for which they are sold, without any regard to denomination of the coin ..." (pure metal by weight)

Marx: "... Throughout this work, I assume for the sake of simplicity gold as the money-commodity. Gold the equivalent money par excellence foundation of the capitalist system"



Marx and Anti-Thesis Appear:

3.2 Marx's Concept of Money Mirrors Adam Smith's

Neither Smith nor Marx mentions the Mixt Moneys of Ireland case of 1601:

Money as an abstract power defined by the law!

“The Case of Mixt Monies: Confirming Nominalism in the Common Law of Monetary Obligations”, *David Fox*, University of Cambridge Faculty of Law Legal Studies , Feb., 2011

“ ... the court in the *Case* linked back to the monetary analyses of the medieval doctors of the civil law, and ultimately to the works of the Roman jurists preserved in Justinian's *Digest*. Underlying this entire tradition, and cited in the report, is Aristotle's definition of money. The Aristotelian conception of money as a measure of value was a lynch-pin of medieval economic thought.

“Aristotle was clear in affirming that the monetary standard was not something naturally established but that it was determined by law or conventional acceptance of society at large ... ‘because it exists not by nature but by law and it is in our power to change it and make it useless’ ...”

“enabled the court to identify the Aristotelian analysis of money with the Sovereign's common law prerogative to proclaim the current legal tender values of coin. “



Marx and Anti-Thesis Appear:

3.2 Marx's Concept of Money Mirrors Adam Smith's

Because Marx's faulty concept of money did not differ much from Smith's, 'Marxism' never really threatened the basis of capitalism's power –

THE CONTROL OVER SOCIETY'S MONETARY SYSTEM

CAPITALISM

**W
A
R**

**C
L
A
S
S**

**E
X
P
L
O
I
T
A
T
I
O
N**

**A
L
I
E
N
A
T
I
O
N**

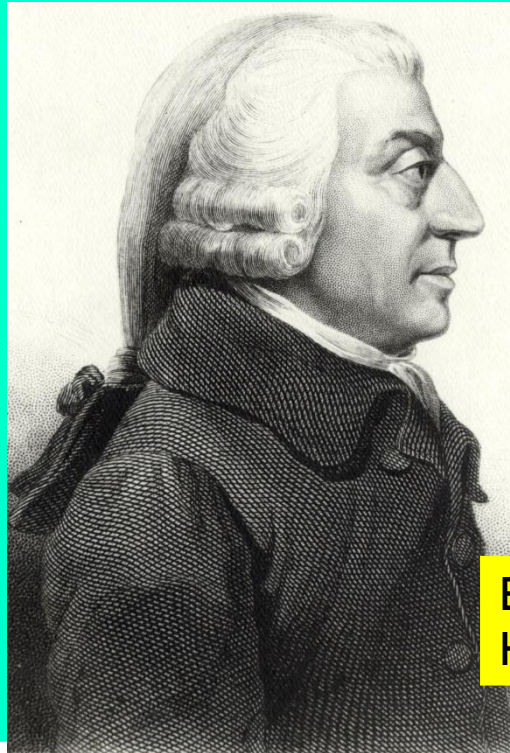
IMPERIALISM

Marx and Anti-Thesis Appear:

3.3 On the Quantity of Money

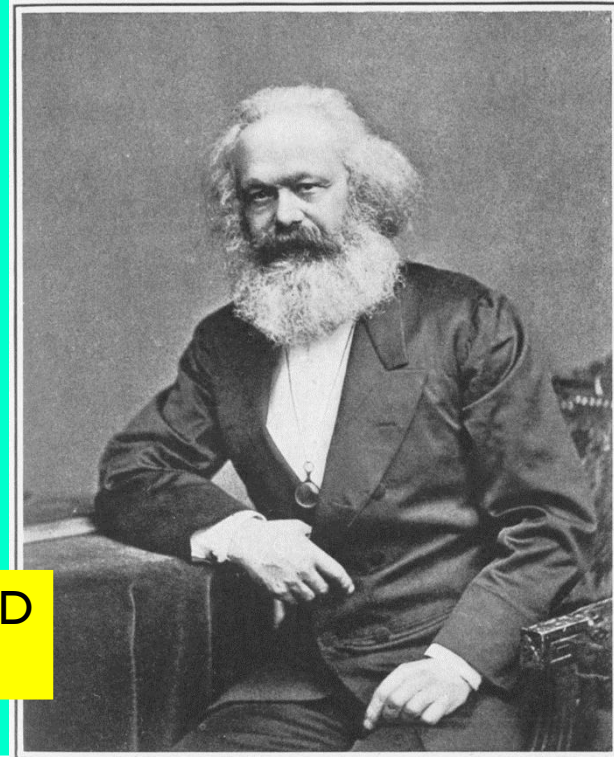
BOTH MARX AND SMITH IGNORED

HOW THE QUANTITY OF MONEY COULD AFFECT PRICES.



SMITH: the value of gold and silver as commodities and money is determined by the labor involved...

MARX: This value (of money) is determined by the labour-time required for its production.



BOTH IGNORED THE COSTS OF MINING, WHICH WERE REPORTED HIGHER THAN THE VALUES ASSIGNED TO THE METAL AS MONEY.

BOTH IGNORED THE INCREASE IN PRICES DUE TO THE GREAT QUANTITIES OF GOLD & SILVER FROM THE PLUNDER

Marx and Anti-Thesis Appear:

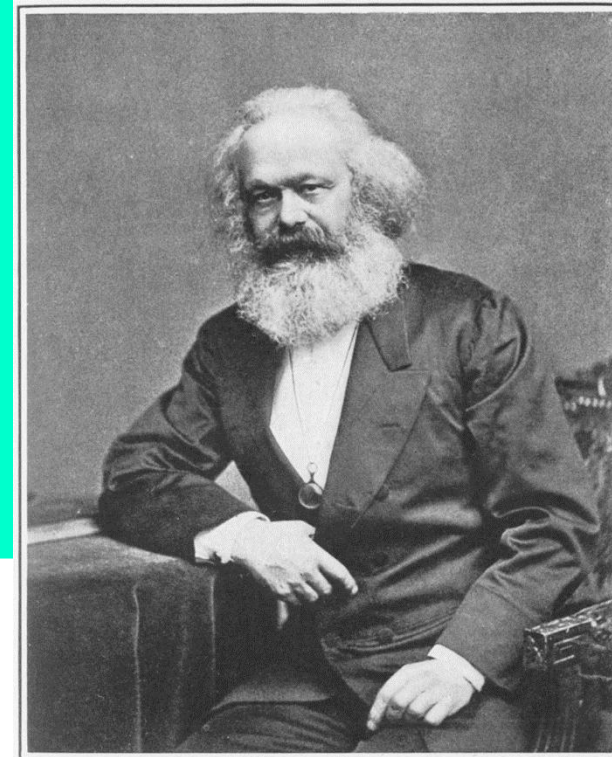
3.3 On the Quantity of Money

MARX: PRICES DETERMINE MONEY SUPPLY

MARX: “The quantity of the medium of circulation is determined by the sum of the prices that have to be realized.”

This view fits into his general view of industrialists vs proletariat.

The industrialists’ setting of prices (rather than the banks creating money) is easier to blame.



Marx and Anti-Thesis Appear:

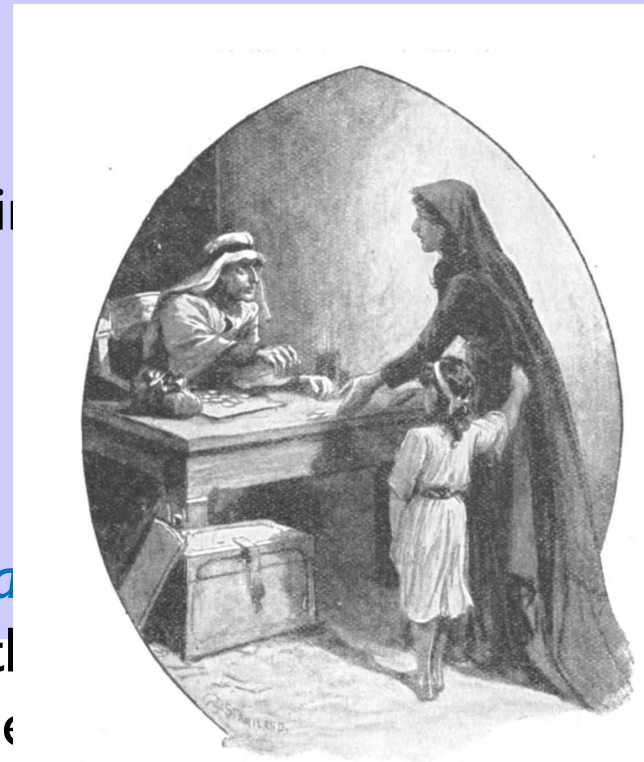
3.4 On Central Banking and the Public Debt

MARX ACCURATELY DESCRIBED THE BANK OF ENGLAND AND PUBLIC DEBT &

Marx, *DAS KAPITAL*, SHOWED A GREATER UNDERSTANDING OF MONEY!!

“... The Bank of England began with lending its money to the government at 8%; at the same time it was empowered by Parliament to coin money out of the same capital, by lending it again to the public in the form of bank notes ... it remained ... the eternal creditor of the nation down to the last shilling advanced.

The public debt becomes one of the most powerful levers of primitive accumulation. As with the stroke of an enchanter's wand (*power of legal tender status*), it endows barren money (*Aristotle's concepts of money*) with the power of breeding ... without the necessity ... and risks inseparable from its employment in industry or even in usury.”



“Thou hast taken usury and increase.”—Ezek. xxii. 12.

Marx and Anti-Thesis Appear:

3.5 On Private Control of Money Creation

Marx showed progress over Smith:

“... the standard of money ... is in the end regulated by law... Coining ... is the business of the State.” *Das Capital*

“Centralization of credit in the hands of a few banks by means of a national bank with state capital and an exclusive monopoly.” plank #5, *Communist Manifesto*

BUT ... Marx's completely view of money was not consistent. It relinquished control over money to the 'financials' who had the power to pass gold from bullion to coin, from the English Free Coinage Act of 1666.



THERE WAS NO CALL FOR MONETARY REFORM FROM MARX

Marx and Anti-Thesis Appear:

3.6 The War Between Industry and Labor

MARX: THE FUNDAMENTAL STRUGGLE WAS BETWEEN CAPITAL AND LABOR

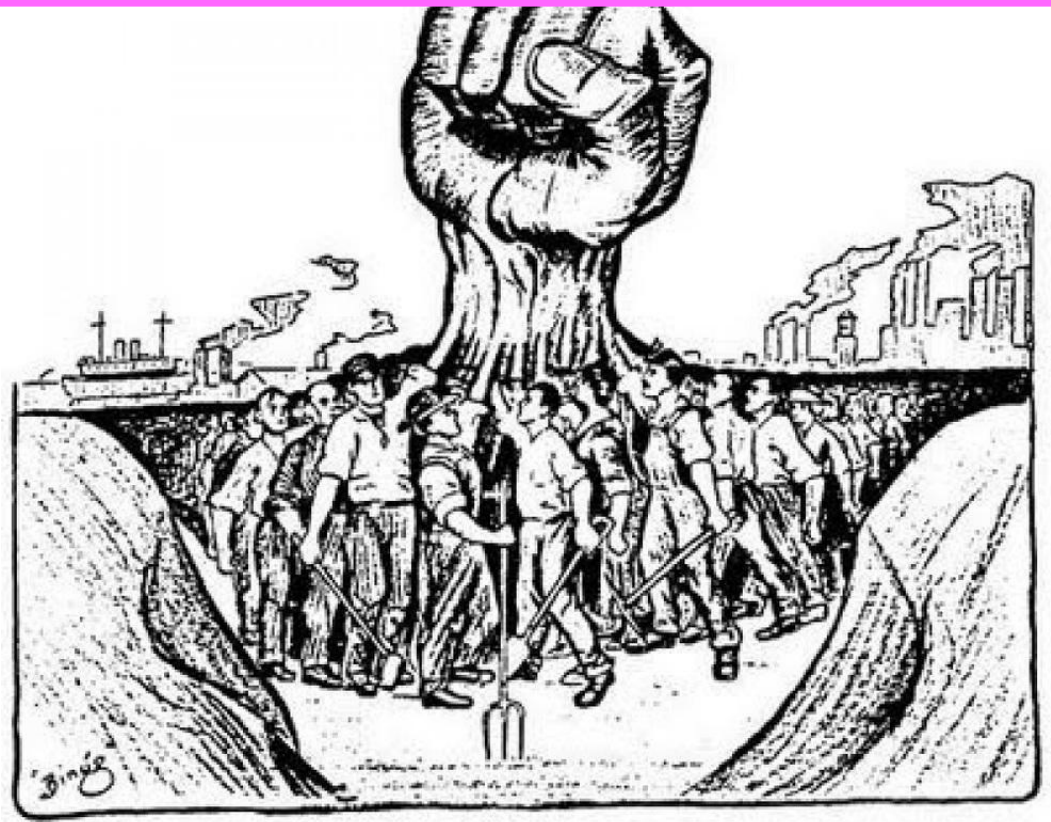
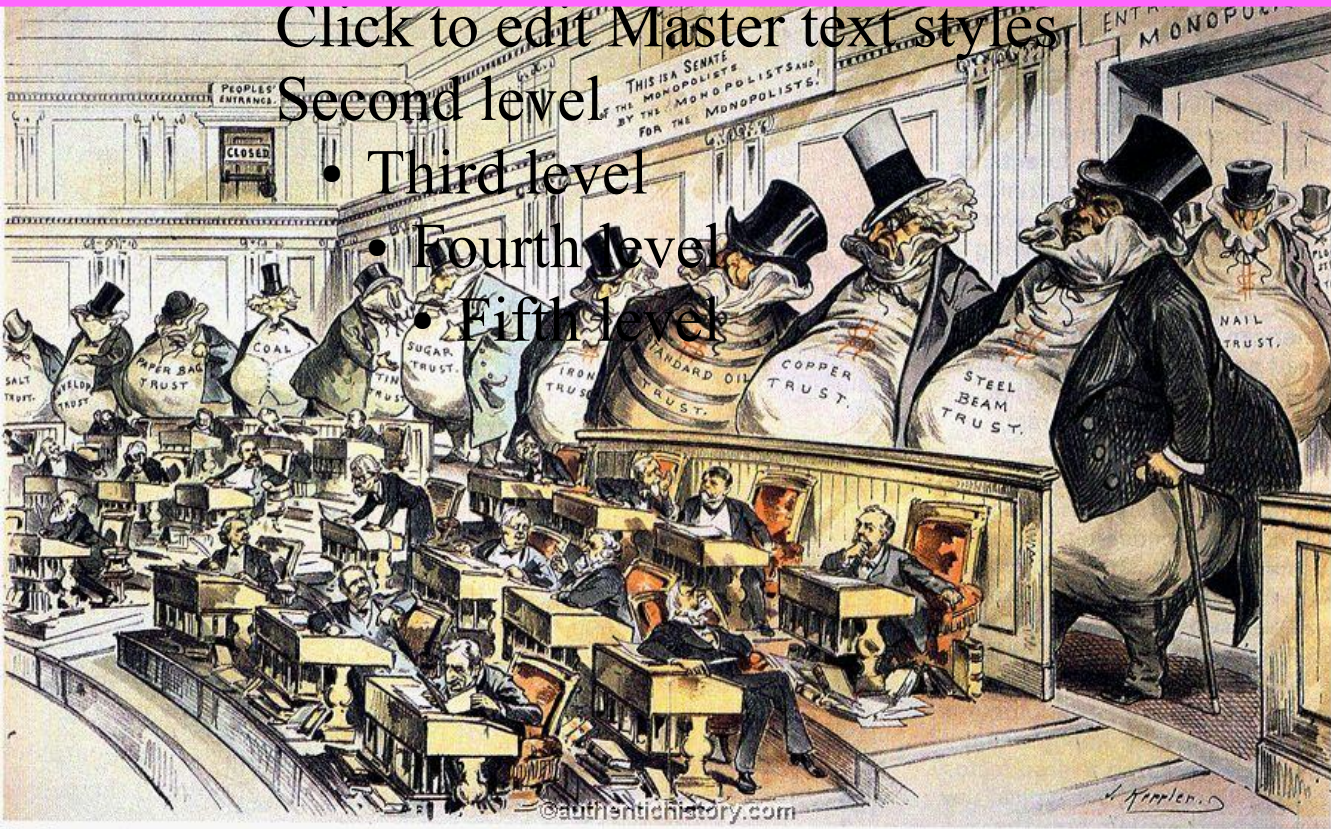
Click to edit Master text styles

Second level

- Third level

- Fourth level

- Fifth level



MARX FOCUSED ON CAPITAL MAINLY AS INDUSTRIALISTS -

Marx and Anti-Thesis Appear:

3.6 The War Between Industry and Labor

MARX: THE FUNDAMENTAL STRUGGLE BETWEEN CAPITAL AND LABOR

There can be a mutual cooperation and advantage to capital and labor working together. Marx devoted little attention to the visionary, planning, organizational, and risk taking skills of the entrepreneur.

Parasitic finance (private banking), however, preys on and harms both labor and industry.



Marx and Anti-Thesis Appear:

3.6 The War Between Industry and Labor

MARX: THE FUNDAMENTAL STRUGGLE BETWEEN CAPITAL AND LABOR

Marx focused on the exponentially growing capital in the hands of the industrialists. But the industrialists were within natural limits since they were producing real goods, they took risks and could lose their assets. (Unless they were monopolists.)

The nightmare of unnatural exponential risk-free growth does exist in another area that Marx was well aware of – the interest on the national debt. He de-emphasized the problem:

“The great part that the public debt, and the fiscal system corresponding with it, has played in the capitalization of wealth and the



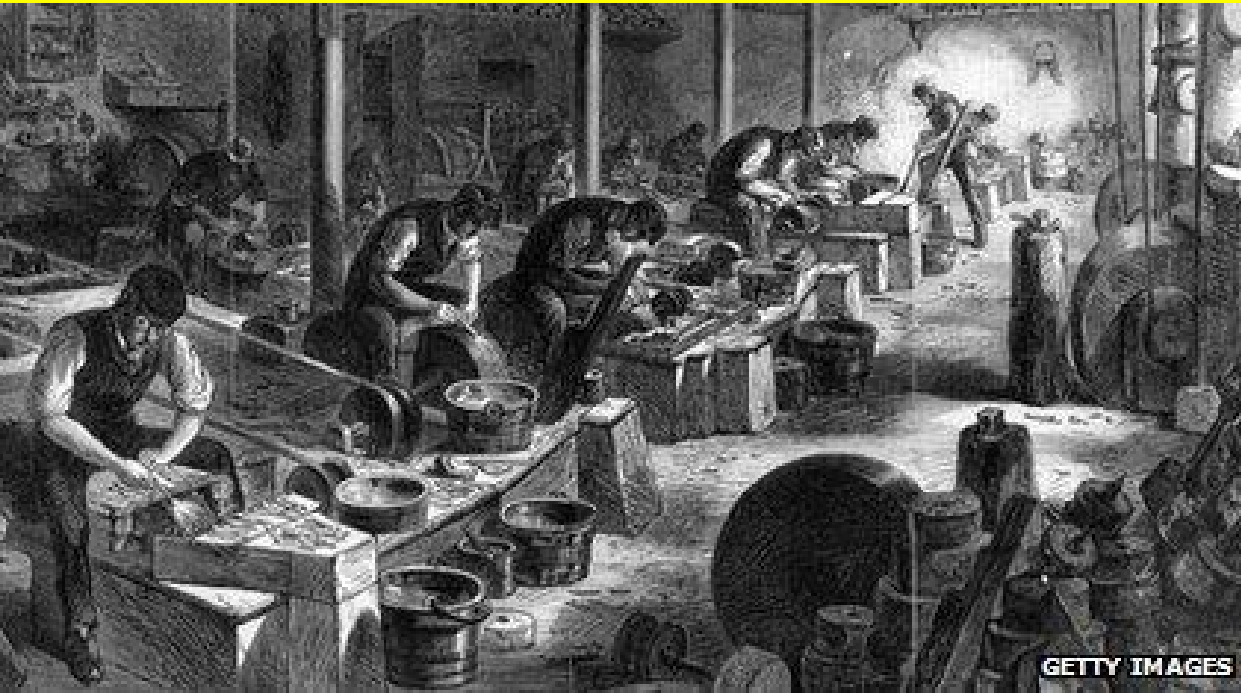
Marx and Anti-Thesis Appear:

3.7 Marx's Historical Progression to Socialism

One of Marx's paramount themes was the brutally honest description of the establishment of original capital in society.

He swept away the nursery-version of history, the record of the rise and fall of dynasties, or the mock-figures of party politicians.

History's one reality was the unceasing struggle between rival economic classes.

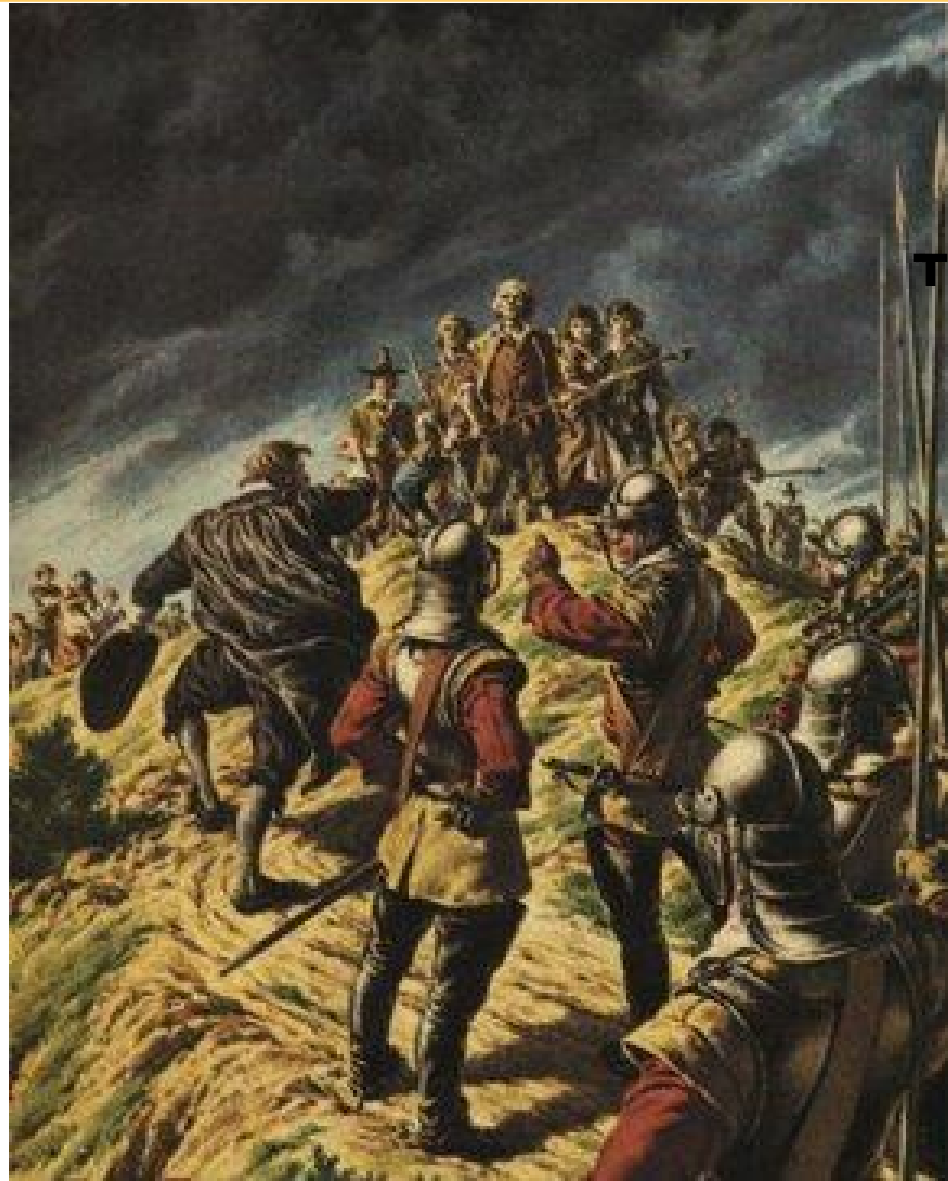


Marx and Anti-Thesis Appear:

3.7 Marx's Historical Progression to Socialism

HISTORY AS CLASS STRUGGLE

Before the capitalist system could start, the means of production owned by the people had to be taken from them. Citing several sources, Marx accurately described how the English peasants were ruthlessly dispossessed of their traditional land rights starting in the 16th century, and were pushed into the labor force where they could only survive by selling their labor to capitalists. The capitalists took everything they produced ('surplus labor').that was not needed for their bare survival.



THE DIGGERS, 1649:

...they had invited "all to come in and help them, and promise them meat, drink, and clothes." They intended to pull down all enclosures and cause the local populace to come and work with them

Marx and Anti-Thesis Appear:

3.7 Marx's Historical Progression to Socialism

HISTORY AS CLASS STRUGGLE

“The starting point ... was the servitude of the labourer ... the expropriation of the agricultural producer, of the peasant, from the soil is the basis of the whole process... by the 18th century ... the law itself becomes now the instrument of the theft of the peoples land...” (*Das Capital*, v. 1)

ENGLISH FACTORY:



...the factory system that began around 1800 brought great changes. The employer no longer worked beside his employees. In fact, it became rare if an employer actually saw his workers. He was concerned less with their welfare and more concerned with the



Marx and Anti-Thesis Appear:

3.7 Marx's Historical Progression to Socialism

Along with the constantly diminishing number of magnates of capital who usurp and monopolize all advantages of this process ... grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class ... the expropriators are expropriated ... by the mass of the people.” *Das Capital*, v. I.

“The author (Stephen Zarlenga) thinks that many good people could see the injustice, even the viciousness of the prevailing economic system. Marxism offered political relevance and hope to them.” LSM, p. 354



The Synthesis of Smith and Marx

The Synthesis of Smith and Marx

The synthesis of Marx and Smith led to a world where labor and business are at each others throats, with the body politic polarized into “right wing” and “left wing.”

This split could be managed by the “financiers” operating behind the scenes. Rarely did either the right or the left, labor or industry, identify the “financiers” as their true problem.

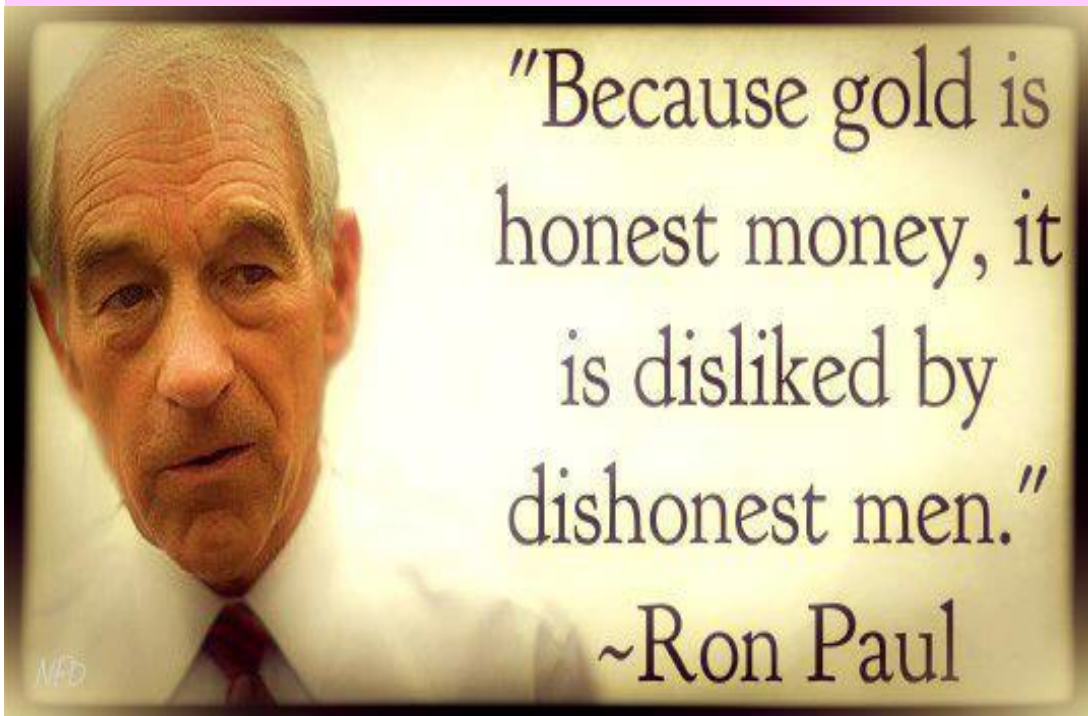


The Synthesis of Smith and Marx

FINANCIAL POWERS CONFUSE MONETARY IDEAS

The synthesis promoted the idea of commodity money ... at the same time it advanced a private central banking system creating abstract money (bank credit) for profit and power.

Their theory would always be in conflict with the actual practice ... rendering monetary concepts a morass of confusion to the present day.



"Because gold is honest money, it is disliked by dishonest men."
~Ron Paul

Bank of England - Quarterly Bulletin 2014 Q1
Money in the modern economy: an introduction

"Far more important for the creation of bank deposits is the act of making new loans by banks. When a bank makes a loan to one of its customers it simply credits the customer's account with a higher deposit balance. At that instant, new money is created."

The Synthesis of Smith and Marx

THE FINANCIERS OPERATING BEHIND THE SCENES.....one example ...

December 01, 2010

The Fed delivered a huge data dump today, revealing information about the boatload of loans it made during and after the financial crisis. But the data also showed smaller loans to some companies that aren't usually associated with the workings of the Fed; companies like McDonald's.

These companies used an emergency program the Fed set up to keep a key financial market going in the teeth of the crisis — commercial paper. The commercial paper market is basically like a credit card for giant companies in every major industry; it's something they use every day to borrow money that they plan to pay back very soon.

During the crisis, when the commercial paper market collapsed, The dealer market for commercial paper involves large securities firms and subsidiaries of bank holding companies.



Stanley Jevons' Synthesis

Stanley Jevons' Synthesis

The main elements of this synthesis can be seen in Stanley Jevons' (1835-82) work.

Jevons no longer discussed whether privately owned banks should control money; it was assumed. He did not discuss whether the government or a private bank should control money.

Jevons does not discuss the supposed opposition between business and labor. It is assumed.

He guaranteed continuing confusion of money as a commodity, by expanding money's functions to include acting as a longer term store of value.



(1835–1882)

Re-Burying the Science of Money

Re-Burying the Science of Money

Jevons took pain to obscure the nature of

money

Jevons ignored Sparta's legal concept of money, and treated it as a commodity!

Click to edit Master text styles
Second level

- Third level
- Fourth level
- Fifth level

BY

W. STANLEY JEVONS, M.A., F.R.S.,

PROFESSOR OF LOGIC AND POLITICAL ECONOMY IN THE
OWENS COLLEGE, MANCHESTER.

336

J1

NEW YORK:

D. APPLETON AND COMPANY,

72 FIFTH AVENUE.

1896.

1896

QUALITIES OF THE MATERIAL OF MONEY.

85

heavy on the one hand, nor inconveniently minute on the other. There was a tradition in Greece that Lycurgus obliged the Lacedæmonians to use iron money, in order that its weight might deter them from overmuch trading. However this may be, it is certain that iron money could not be used in cash payments at the present day, since a penny would weigh about a pound, and instead of a five-pound note, we should have to deliver a ton of iron. During the last century copper was actually used

Jevons took pain to obscure the nature of money

Aristotle, Plato, Paulus, Locke, Berkeley, Franklin, Raithby and others.

Money and the Mechanism of Exchange, p 88

Aristotle, in his *Politics* (Book I, chapter six), gives an interesting account of his view of the origin of money, and distinctly tells us that the metals were first passed simply by weight. Pliny makes a similar assertion. That we may infer from the remarkable fact that, even when no use was made of it, the custom of bringing a pair of scales survived as a legal formality in the sale of slaves at Rome.

This is the only reference to Aristotle in Jevons' index. Aristotle appears to justify money as a certain weight of metal!

A
ABRASION of coins, 88, 157, 164
Aca, 41, 45, 52; rude, 53; grave, 91
African Barter Company, 2
African money, 93
Agent banks, 259
Agio, 72, 200
Alternative standard, 137
Aluminium, 132
American money (see United States)
Amsterdam, banks of, 200, 221, 254
Aristotle on money, 88
As, 22, 91

Jevons took pain to obscure the nature of money

commodity, when he was aware that the private banks were issuing abstract money.

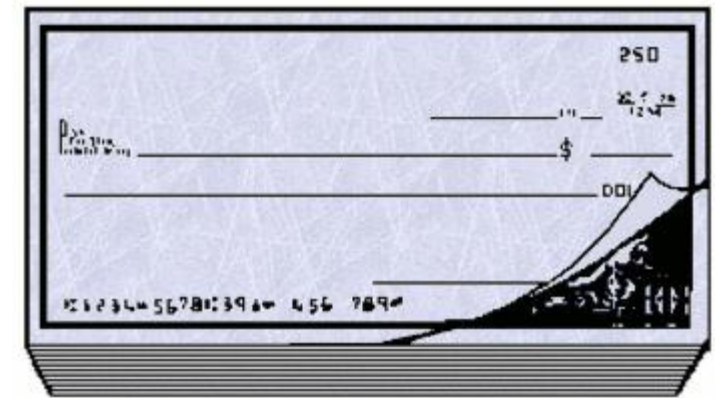
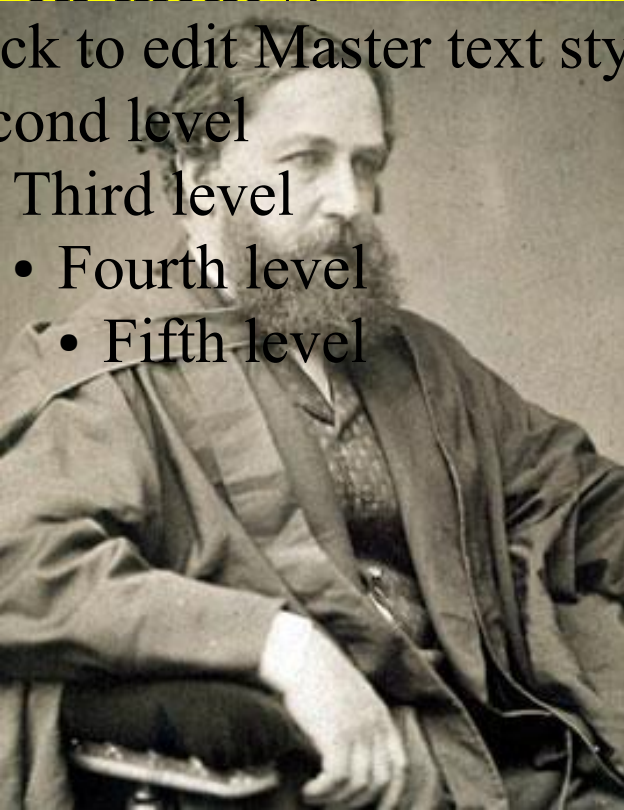
This trick, used repeatedly, is how the nomisma concept of money has come to be erased from the collective memory of mankind - from the dominant written works on money.

Click to edit Master text styles

Second level

Third level

- Fourth level
- Fifth level



The Right Quantity of Money

Jevons promoted one private bank holding the money power

activity, complexity of organization and (like Marx) the price of goods. Since few of these were accurately known, the quantity should be left in perfect freedom to regulate itself. “Money (like Smith) must find its own level – like water.”

Jevons advocated that the only attempt to control the money supply be by regulating the issue of Bank notes, i.e., bank reserves.

VERY CONVENIENT FOR THE MONEY POWER!

‘THE CITY’



PART 8

How Bankers Influence Monetary Theory

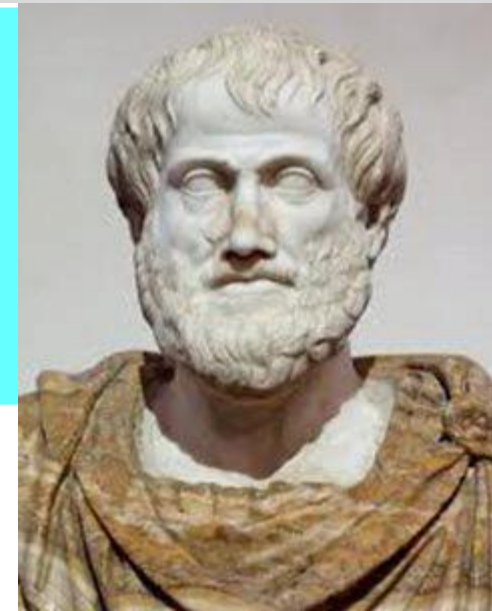
How Bankers Influence Monetary Theory

THE MONEY POWER SUPPORTS THOSE THEORIES BENEFICIAL TO ITS ACTIVITIES

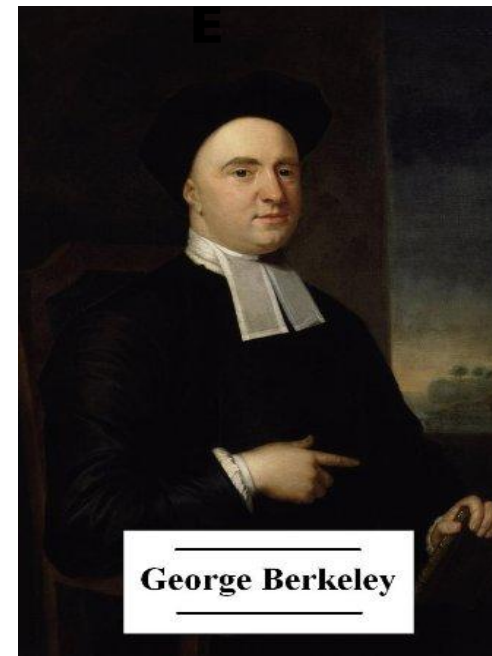
Financial institutions endow many economic chairs at universities. The money from financial institutions support those professors with 'correct' theories. Truth is ignored.

Important alternative works are lost and destroyed simply by ignoring them.

Old books are lost.



ARISTOTL



George Berkeley

PART 9

Summary

Summary

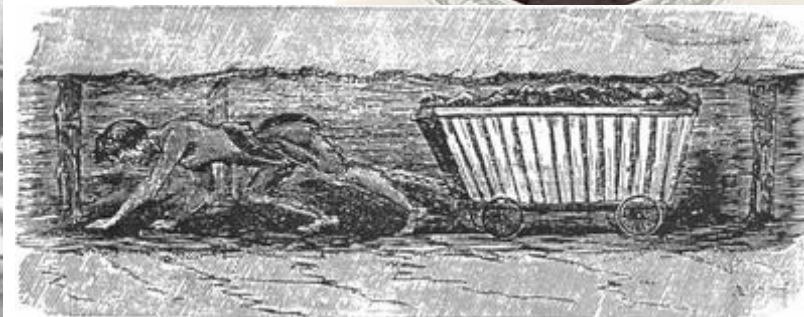
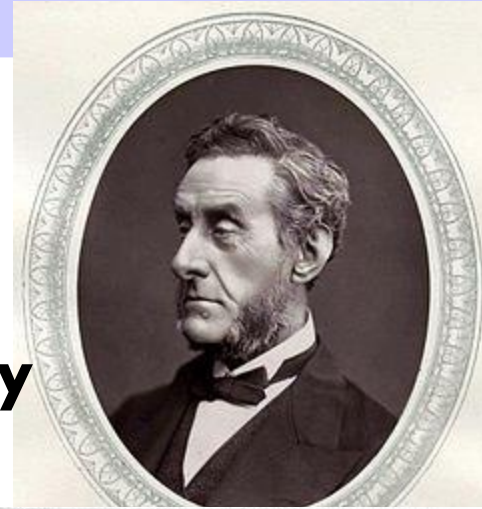
Adam Smith's system of private money and Bentham's justifications of usury were theoretical arguments, and could not stand a test of the facts.

Thorold Rogers' work demonstrated the regression of the English workman, but were difficult to carry out.

Finally, in the mid-1800's, justice and religion combined in England to produce a degree of social and banking reform.



**Lord
Shaftsbury**

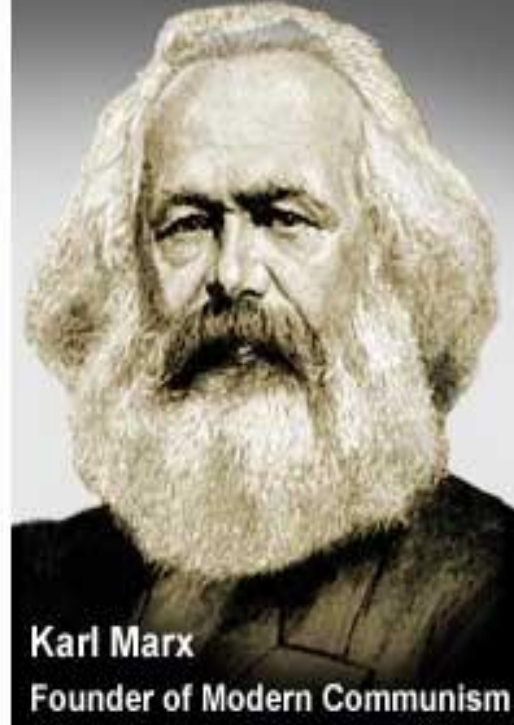


Summary

The debate shifted away from usury and the injustice of private central banking to the struggle of worker against industrialist.

Marx's 'antithesis' of communism in opposition to Smith's 'thesis' of capitalism was not fundamental in monetary terms. Marx and Smith presented the same identical errors on the nature of money.

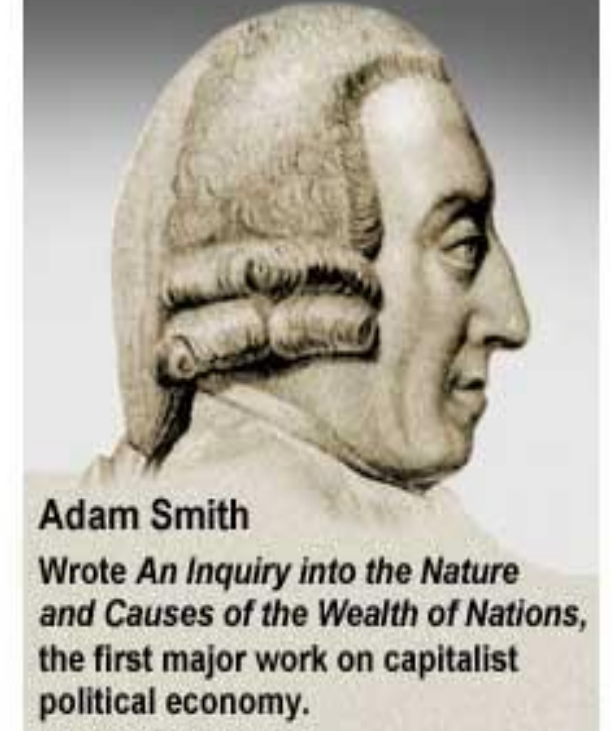
Marxism



Karl Marx
Founder of Modern Communism

- All citizens equal in a classless society
- No private property
- Community owns means of production
- Work divided according to ability of worker while benefits shared according to individual needs

Capitalism



Adam Smith
Wrote *An Inquiry into the Nature and Causes of the Wealth of Nations*, the first major work on capitalist political economy.

- Class (lower, middle, and upper) determined by wealth
- Private property in the form of money or goods used to produce profit
- Individual owns means of production
- Worker benefits received based on amount and quality of work done

Summary

The political economists have re-buried the science of money by:

1. smothering it in indecipherable jargon
2. obfuscating it behind walls of mathematical theorizing

The financial establishment supports the confusion of the public by influencing the teaching and rewarding of economists.



[Home](#)

[Events](#)

[Education](#)

[Surveys](#)

[Groups](#)

[Economists](#)

[Publications](#)

The Adam Smith Award

Each year since 1982, the NABE president has selected an Adam Smith Award recipient based upon leadership in the profession and the application of economic principles and knowledge in the workplace and policy arenas. The recipient delivers a lecture at NABE's annual meeting. The lecture is printed in a subsequent issue of *Business Economics*.

1982 **Herbert Stein**
AEI and University of
Virginia

"Conservatives, Economists and Neckties"

1983 **Charles P. Kindleberger**
Massachusetts Institute
of Technology

"Was Adam Smith a Monetarist or a Keynesian?"

Q & A

WILL DECKER'S CONCLUSION:

**THE CONTROL OF MONEY -- WITHOUT CONTROL FROM THE PUBLIC -- LEADS TO
CORRUPTION ... USURPATION ... SLAVERY.**